

# The NATIONAL UNDERWRITER

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## Three Insurers Discuss Their Policyholder Relation Programs

The National Underwriter has been conducting a survey of leading insurers to find out what is being done and thought in the policyholder relations field. The installment below is the fourth of the series.

### FIREMAN'S FUND

The Fireman's Fund Record is 82 years old, but certainly young in ideas. It is the oldest fire insurance company magazine in the nation and the fifth oldest company magazine of any category. Late in 1954, the Record was converted from a semi-technical magazine on insurance to a magazine of general interest for policyholders and the public. We run, for instance, articles on humor, inspiration, sports, animals, family help, home and highway—on any and every topic having wide appeal. (In addition to the material described, we print an issue containing an additional four pages on insurance matters for employees and producers.)

### Publication Offered

To be sure of diversity in writing style and material, we buy articles from top-flight writers in all parts of the country, and we have a fine staff of artists. Our press run is about 100,000—which means at least 400,000 readers—and distribution is made through the agents and brokers. Pol-

icyholders, naturally, are high on circulation lists. Both the company and subscribing producers share in the cost of production, and the Record has brought a tremendous amount of good will and prestige to all concerned.

Naturally, you'll recognize the fact that the general-interest articles are largely sugar coating for messages on insurance (most of which appear in the "Family Security" section). These

messages deal with all sorts of problems and facilities relating to insurance—on credit account plans, on various policies, on the need for cautious driving, on caution in the home against fire, accidents, burglary, etc., on the fact that high jury awards are partly responsible for higher automobile insurance costs, and on the need for maintaining insurance to value. We constantly advocate the expert

(CONTINUED ON PAGE 19)

## UAW Enters Health Field, Establishes Program At Detroit

LANSING—A long-awaited, union-supported health plan to rival Blue Cross-Blue Shield was officially unveiled in considerable detail last week, and it turned out to be a rather localized program available only to metropolitan Detroit.

The plan, largely a brainchild of Walter P. Reuther, president of United Auto Workers, is to be operated by an organization known as Community Health Assn. which is headed by Reuther. The program goes much farther toward complete socialized medicine, but not at taxpayer expense, than do the coverages of Michigan Hospital Service (Blue Cross) and Michigan Medical Service (Blue Shield). Its comprehensive nature will make it more expensive, it is conceded, although rising premium costs constituted the original basis for complaint against Blue Cross.

### Provides Complete Health Service

Service under the new program is to be confined to a single center, Metropolitan Hospital at Detroit. This center, according to the UAW, will provide complete health services, including immunizations and periodic health check-ups, full diagnostic services, surgery and allied therapy, complete hospital service, home care, and consultation.

In order to prepare the center for operations, the UAW is financing a \$2,350,000 expansion of the hospital and it is planned later to open branch clinics in the metropolitan area. The original staff at the center is to consist of 16 to 18 physicians who are, it was emphasized, to "work as a team."

Subscribers, who need not be union members but must be in employed groups, will pay dues of \$8 monthly for single persons; \$18.80 for a couple and \$20.60 for a family, with no salary differential. Enrollment is scheduled to begin this fall.

**NIA Detroit  
Convention Report  
Starts On Page 13**

## R. E. Irish, Union Mutual Head, Dies; ALC Past President

Rolland E. Irish, 65, chairman of Union Mutual Life and a past president of American Life Convention, died at Portland, Me., after a brief illness. He had been under treatment at Maine Medical Center in Portland for two weeks.



Rolland E. Irish

Mr. Irish was elected chairman of Union Mutual June 23, after having served as president for 21 years. He joined the company in 1934 as vice-president in charge of operation and was elected a director in 1936. Under his leadership the company has grown to where it ranks in the top 6% of U.S. life companies—those with a billion or more of life insurance in force.

### Two Terms On Top Committee

Before being elected president of American Life Convention in 1958, Mr. Irish served two terms on the executive committee. At the time of his

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## Six Constitutional Amendments Will Be Acted On By NALU

### Principal Proposal Would Drop Midyear Convention, Have Board Meet Oftener

WASHINGTON—Six proposed amendments to the constitution and by-laws of National Assn. of Life Underwriters will be acted upon by the national council at the NALU annual convention here Sept. 11-16.

The principal amendment involves the elimination of its midyear meeting, with the substitution thereof of additional meetings of NALU's board of trustees.

The proposed amendment to article IX, section 3 of the NALU constitution would have the national council holding one regular meeting each year to be known as the annual convention meeting. An amendment to article V, section 1 of the by-laws would then provide for four meetings of the board of trustees each year.

A detailed review of the reasons underlying these suggested amendments was featured in the August issue of Life Association News.

Other amendments to be considered by the national council include:

1. Increase in membership of the nominating committee from five to seven. Five members would be elected by the national council; the sixth member would be the individual holding the office of immediate past president; the seventh member would be elected by the present nominating committee and would have to be a member of the present committee.

2. Amendment of the constitution and by-laws to eliminate prorating of NALU dues before June 30 of each calendar year.

3. Restatement of the functions and responsibilities of the public relations committee as approved by NALU executive and public relations committee.

4. Change in the name of the committee on disability insurance to committee on health insurance.

Deputy Commissioner Vincent J. O'Shea, left, on behalf of New York City's department of commerce and public events, presents a certificate of merit to James A. McLain, chairman of Guardian Life, during cornerstone ceremonies of the company's new addition to the home office. The certificate honored Guardian's 100 years of "strengthening the economy



of the city and ever extending security to the people of New York and of the nation."

## Mrs. Eberly Retires This Month As Head Of Institute Unit

NEW YORK—Mrs. Marion S. Eberly, who has headed the women's division of Institute of Life Insurance since its inception 16 years ago, is retiring this month.

Miss Betty S. Martin, assistant director, is succeeding her as director. In announcing the change, President



Marion S. Eberly



Betty S. Martin

Holgar J. Johnson said that under Mrs. Eberly's able direction, the division has become one of the widely recognized services for women.

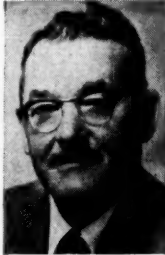
"This division was set up and developed by her to help American women to a greater understanding of their individual and family life and health insurance," he said. "This service has made many valuable contributions to sound family money manage-

(CONTINUED ON PAGE 26)

## DAVIS TELLS NATIONAL OF VT. LEADERS:

## Disparagers Of Life Insurance's Asset Values Forget Lesson Of The Depression

People who question the asset values of life insurance and at the same time preach the "buy term and invest the difference" philosophy have forgotten the important lessons they should have learned during the depression, Deane C. Davis, president of National Life of Vermont, told the company's President's Club at its annual meeting in Montreal.



Deane C. Davis

Similar preachings were followed by many people during the market boom of the 1920s and some of them rejected life insurance entirely and invested everything they owned in equities, he said.

"How many thousands of policyholders were able to stay afloat because of the life insurance cash values, we will never know. But life insurance had passed the most severe test and proved its value as an asset," he added.

## More Emphasis On Savings

Mr. Davis told the leading producers that while National continues to recognize the primary need for death benefit life insurance, it feels that more emphasis must be placed on the need for saving.

Asked Mr. Davis, "Have we over-emphasized the need for adequate protection against dying too soon and under-emphasized the need for adequate protection against living too long? Perhaps we have. In our zeal to protect 20 widows we may have failed to protect 80 old men."

As a remedy, Mr. Davis advised that for the vast majority of cases, the best way to plan for retirement is through life insurance cash values sufficient to provide basic retirement benefits.

## Return On Insurance Investment

After first emphasizing the elements of safety and of the ready accessibility of emergency funds in life insurance cash values, Mr. Davis, in an answer to critics of the rate of return on this investment, said, "Stock experts point with pride to the fabulous rec-

ord of the stock market during the past decade. They are able to show that income plus asset appreciation has been equivalent to an average return of 15%, 20% or even higher.

"Investing in equities directly, buying mutual funds, joining a stock investment fund, these are all fine. With luck, substantial profits may result. But in spite of the glamour and allure of equities, we must emphasize that these investments should involve spare dollars, not the basic savings dollars needed for retirement and emergencies.

## Linton Study

Mr. Davis cited the 1957 actuarial study by Albert Linton, former chairman of Provident Mutual Life and currently one of the company's directors, in which Mr. Linton showed that a person age 25 would require an average rate of return on equity investments of more than 4½% to duplicate ordinary life policy results.

"And that 4½%," Mr. Davis said, "would have to be after all expenses and after taxes. A man in the 40% bracket would have to earn 7½% before taxes. I would say a 4½% net rate of return after taxes is pretty fair for an investment with the degree of safety which life insurance possesses."

In a reference to financed insurance, Mr. Davis said National's policy continues to be that when properly sold by a competent agent to a qualified prospect, it has a proper place, although a minor one.

## Not Universally Bad

"Just as we refuse to join those who condemn financed insurance as universally bad, we cannot agree with those who feel financed insurance is universally good. There are many different types of sales situations in which premium financing may be involved. Blanket endorsements and blanket criticisms of all financed sales are improper and unfair," he said.

A new pension plan procedure was introduced by Stuart J. Kingston, director of pension sales. The plan makes National's ordinary life policy available to pension plans and deferred profit-sharing plans for the portion of the death benefit in excess of the guaranteed issue limit, whenever such excess is \$20,000 or more. He said that special pension contracts will

(CONTINUED ON PAGE 26)



the company. The portrait was painted by St. Louis artist Armin Stock.

Frederic Peirce, left, president of General American Life, formally honored Chairman Sidney W. Souers, with the presentation of his portrait which will hang in the company's home office executive offices. Mr. Peirce made the presentation in behalf of senior officers of the company.

## Mutual Benefit Life States Position On No-Commission Group

In a letter to the Wisconsin Field Forces, Mutual Benefit Life's president, H. Bruce Palmer, has reaffirmed his company's belief in the general agency system and stated that the Mutual Benefit Life pays commissions to its agents and general agents on all group cases at scheduled rates.

Mr. Palmer's letter was in response to a message sent to the nation's major life insurance companies by the Wisconsin Field Forces concerning the writing of group cases on which no commission is paid.

## All Commissions Negotiated

The letter read in part: "As you probably know, Mutual Benefit Life operates under the general agency system. All of our business, both group and ordinary, is accepted only through our regularly established general agencies. Commissions are paid in accordance with the contracts negotiated between the general agencies and the company.

"About three years ago we began to write group insurance, and we have applied the same rules to the acceptance of this business as we have always used with respect to our ordinary business. We have now written more than 1,000 group contracts and on all cases, with the sole exception of contracts written to fund benefits for our own field and home office people, we have credited commissions at the rates specified in our general agents' and agents' contracts. We expect to continue to pursue this policy in the future."

## Top Agents Of Protective Life Sail For Bermuda

A group of more than 100 agents, wives, and home office officials of Protective Life of Birmingham sailed from New York on the "Queen of Bermuda" for a six-day cruise and sales convention.

The group is composed of leading Protective Life producers who are members of the company's honor club. President of the club is W. E. Motes, Sylacauga, Ala.; vice-president, Charles E. McNeil, Mobile, Ala., and secretary, Howard S. Mumford, Sarasota, Fla.

## Ga. International July Business Tops \$2 Million Mark, A Record

Georgia International Life's paid for new business in July totaled \$2,628,878. It was the first time monthly production exceeded \$2 million. Leading agencies for the month were Fulghum, Seattle and Falkstein-Gould, Houston, with production of over \$400,000 and \$500,000, respectively. The two agencies have been in operation only two months.

## Rate Boost Denied N. Y. C. Blue Cross; Can Reapply For Less

Superintendent Thatcher of New York has denied the applications of Associated Hospital Service of New York (Blue Cross) for subscriber rate increases on its 21-day and 120-day hospitalization plans averaging 37.3%, and for an accompanying new cost-based formula for Blue Cross reimbursement of hospitals.

The denial, the superintendent said, was based largely on the unacceptability of certain elements of the proposed reimbursement formula and the Blue Cross projection of increased hospital costs in the next three years. The superintendent found that "a substantial increase in AHS subscriber rates warranted, though not of the size sought by AHS, and a proposal will be promptly considered by this department after an acceptable reimbursement formula is submitted."

The rate application provided for the cost of broadened benefits under the 21-day and 120-day plans (described as "welcome" in the department opinion), and sought approval of a separate 120-day care plan with a \$50 or \$100 deductible.

## Insurance Securities Fund Adds 5 Companies, Sells 2

Insurance Securities Trust Fund of Oakland showed the addition of the following companies to its portfolio during the first half of 1960: Great Southern Life, 1,000 shares; Interstate Life & Accident, 13,000; Pacific National Life, 45,665; Transamerica, 78,100, and South Carolina 4,330. American Surety was eliminated, and New Amsterdam was sold off after the publication of the midyear report.



Home Life of New York is accepted into membership in the Hundred Year Assn. of New York, a group of New York City firms which have been in business 100 years or more. In ceremonies shown here, J. Finlay Allen, Home Life executive vice-president, receives a membership plaque from James A. Farley, well known civic figure and president of the association.



NATIONAL LIFE OF VERMONT LEADERS—Harold T. Dillon, Atlanta, center, displays the president's trophy he won for having the best all-round agency among National Life of Vermont's 65 general agencies, at presentation ceremonies during the annual meeting of the company's General Agents Assn. in Montreal. From left are Clyde R. Welman, agency vice-president; Ernest M. Hopkins, chairman; Glen A. Holden, Portland, Ore., second place plaque winner; Mr. Dillon; President Deane C. Davis; Philip F. Hodes, New York, who won fourth place; and Bradford D. Haseltine, Cleveland, who was in third place.



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## Do you carry this much extra weight every day?

Suppose, for the next hour or so, you carried this 25-pound weight. You'd quickly realize the burden of this extra weight on your entire body.

Many people constantly carry a similar or even greater burden—in the form of extra body pounds. And those surplus pounds are a hazard to your health.

For example, a 20-year study of nearly 4 million persons reveals these facts:

Men weighing 25 pounds above the average have an excess mortality of 20 percent, while a weight of 50 pounds above the average is associated with a death rate as much as 50 percent higher.

After you are 30, it becomes increasingly important to control your weight—even to stay underweight. To do so, you must eat less and stick to your new eating habits. Remember, the high-calorie foods are the main pound producers—fried foods, rich desserts, creamed dishes, gravies and dressings.

Count your calories carefully. Follow a caloric chart and learn how to plan low-calorie meals and snacks.

Start your weight control program with your doctor's advice. He will see to it that your meals provide all the essential food elements needed to keep well while reducing—and thereafter. And by all means, don't be misled by "wonder" diets.

Get your doctor's advice also about reasonable exercise. It helps burn up surplus calories—and is good for muscle tone, circulation and general health.

There's no easy way to lose weight. But the struggle is worth the effort. By keeping your weight down permanently, you can avoid the burden which excess pounds put on your heart and other organs.

And you can increase your chances for a longer life—and more vitality and better looks, too.

### Metropolitan Life

INSURANCE COMPANY<sup>®</sup>

A MUTUAL COMPANY, 1 MADISON AVE., N.Y. 10, N.Y.



This advertisement is one of a continuing series sponsored by Metropolitan in the interest of our national health and welfare. It is appearing in two colors in publications with a total circulation in excess of 45,000,000 including Saturday Evening Post, Ladies' Home Journal, Good Housekeeping, Redbook, Reader's Digest, National Geographic, U.S. News, Look.

## Mass. Legalizes Segregated Fund Pension Systems

BOSTON—Gov. Furcolo has signed into law the bill passed by the Massachusetts legislature permitting pension funding by life companies by the use of segregated assets. The measure was sponsored by John Hancock. Said the company's comment on the change in the law:

"The act resolves two points of view in the life insurance industry. One holds that pension plans should attempt to provide guaranteed benefits, largely on fixed-income investments which have little chance of growth with the economy. The other point of view maintains that pension plans should primarily attempt to keep pace with the economy through common stock investments even at the expense of guaranteed benefits.

### Can Use Common Stocks

"The new law permits Massachusetts insurance companies to invest portions of segregated pension funds in common stocks while retaining for retired personnel the guarantees traditionally provided by life insurance.

"The new special funding proposal, which was first developed by a special committee of the Massachusetts legislature and supported by the John Hancock, has aroused nationwide interest and has already been adopted in Connecticut. Thus, there are indications that it may set a pattern for pension plans throughout the nation.

"Over the past decade employers have felt a need for pension fund plans which would reflect the growth of the economy through common stock investments. To make these investments they had to adopt pension plans which lacked traditional insurance

guarantees. Special funding plans provide guaranteed pension benefits while permitting part of the pension fund's assets to be invested in common stocks."

## AALU Convention To Be Held Sept. 8-10

WASHINGTON—Assn. of Advanced Life Underwriters will hold its annual convention here at the Sheraton Park Hotel Sept. 8-10. One of the reasons for choosing these dates was that they will be convenient for AALU members planning to stay over for the National Assn. of Life Underwriters convention, which opens here Sept. 11.

The dates also will come soon after Congress adjourns from its late summer session, so AALU will be in a position to review the entire activity of the 86th Congress and to plan policies with regard to the 87th. Major theme of the convention will be federal legislation affecting AALU members. Mervyn Platt, independent, Trenton, N. J., is convention chairman.

## 1,453,600 Signed Up For Federal Workers A&S Plans

WASHINGTON, D. C.—Some 1,453,600 employees have enrolled in the federal employees group health benefits program as of July 15, according to the Civil Service Commission, which based its preliminary registration figures on statistics received from 35 of the 38 insurers of participating plans. Figures do not include the number of dependents which come under the plans, but these will be made available at a later date.

According to a commission statement, the preliminary enrollment figures break down as follows: Government-wide service benefit plan (Blue Cross-Blue Shield), 805,000 or 56% of total enrollment received; government-wide indemnity benefit plan, with

Aetna Life as the prime insurer, 400,000 or 27% of the total; federal employee organization plans, 159,400 or 11%, and comprehensive medical plans, 89,200 or 6%.

## Syracuse Blue Cross Wins 35% Rate Boost

Group Hospital Service of Syracuse (Blue Cross) has been granted a 35% rate increase. The department also permitted the plan to set up a new \$50 deductible contract as an alternative for those subscribers who can not afford the higher rates. The boost is the second in a little more than a year.

Under increased rates, family coverage under a standard group plan will cost \$9.42 a month, up 35%, while single persons will pay \$4.64, an increase of 36%.

## Massachusetts Mutual In Force Exceeds \$8 Billion

Massachusetts Mutual has passed the \$8-million mark in total insurance in force. Individual and group life in force reached \$7,951,876,000 on June 30, and went over \$8 billion in July.

On June 30, individual life in force amounted to \$6,517,085,000 and group life to \$1,434,791,000. Total sales for the six months were \$611,211,000, of which \$523,331,000 was ordinary. Ordinary and group premiums during the half-year period amounted to \$132 million.

## Lutheran Brotherhood's Six-Month Sales Up

New business of Lutheran Brotherhood in the first six months totaled \$112,335,072, compared with \$105,544,589 last year. Insurance in force rose from \$1,137,801,144 at the end of 1959 to \$1,218,731,226 on June 30. The net yield on investments increased from 4.20% in the first half of 1959 to 4.45%.

## Local IRS Offices Told To Get Tough On Interest Credit

WASHINGTON—Assn. of Advanced Life Underwriters has bulletined members as follows:

"In reporting to you on the case Warren H. Brown, which is currently docketed in the tax court and which concerns a disallowance of the interest deduction on financed insurance, we informed you of the possibility that the case was undertaken by the local Revenue people in Boise pursuant to a directive from Revenue headquarters in Washington, D. C.

"After investigating the matter here in Washington, your AALU counsel has learned that a directive has been issued to all local offices by the national office. However, we have not yet been able to obtain a copy. It is not certain whether the directive pertains only to the Goodstein-Sommer bend type of financed bond transactions or has wider application, particularly the reference to financed insurance.

"At all events, it is clear that the interest deduction litigation activity has been undertaken pursuant to a national policy. We shall continue our efforts toward determining the exact scope of that policy."

Queried by THE NATIONAL UNDERWRITER, AALU counsel emphasized that it was not possible to say, on the basis of AALU's present information, whether the Brown case referred to in the bulletin had been undertaken by the Boise office of IRS pursuant to the national directive.

## Offers Stock Exchange With North Central Life

North Central Co. of St. Paul is offering to exchange 325,320 of its common shares (par value \$1 per share) for shares of North Central Life at the rate of 27 shares for each share of the latter.

North Central Co. is a holding company, primarily interested in life, fire and casualty insurance. It is announcing a new issue of 468,180 shares.



Equitable Society employee John Wolters, 19, shows President James F. Oates Jr. the paddle that earned him a trip to Rome as a member of the United States Olympic canoeing team. Mr. Wolters and his paddle-mate Ken Wilson, both of New York, placed first in the tandem kayak competition. Mr. Oates heads the insurance industry division of New York City's committee for the 1960 Olympics.

## BUILD A SECURE FUTURE WITH... YOUR OWN AGENCY

Built on the strong foundation of Central Standard Life's new Career Contract that offers you:

Completely vested Renewals for the premium paying period of the policy  
Substantial Override for general agents  
Accident and Sickness Plans—"your partner for Life"  
High Value Low Premium Life Plans  
Top First Year Commissions

With Central Standard You Enjoy

- working with an agent-agency building organization
- company sponsored education
- tested-proven direct mail aids
- liberal underwriting

"The secret of success is Constancy to Purpose"

Benjamin Disraeli

Our success has been achieved with our career men and women.

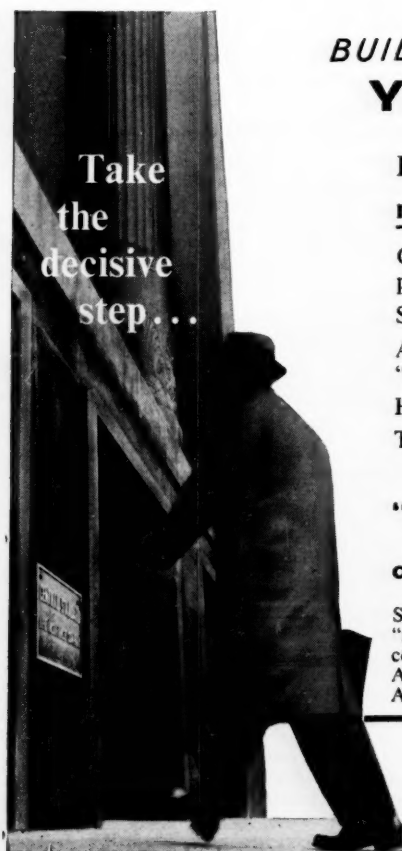
See for yourself—Write or wire today for your "new approach" agent's kit. Get full details by contacting your local Central Standard General Agent or: John M. Laffin, Vice President and Agency Director.

In Force: \$357,405,420

Assets: \$107,284,880

Surplus: \$14,591,874

**CENTRAL STANDARD LIFE**  
Founded 1905 INSURANCE COMPANY  
211 W. Wacker Drive Chicago 6, Illinois  
Life • Accident • Sickness





# How Insurance News Sense Aids in Editing Company Publications

By ROBERT B. MITCHELL

This is a condensation of a talk given at the editorial workshop conducted in New York City by Life Insurance Advertisers Assn.

As I understand it, I'm supposed to explain how we on THE NATIONAL UNDERWRITER appraise and edit the news of the life insurance business. But first I think I ought to give you an idea why our kind of editing job has any possible interest for you—why I think our kind of editorial judgment can help you in your job, whether the job is editing company publications, writing press releases or preparing sales promotion material.

How can insurance news judgment help you edit a company publication? Let's start off by admitting frankly that you can do a perfectly adequate job of editing a company publication without any ability to judge news of the insurance business. I know, because in my job I look through a great number of company publications, and I can tell you that many editors either lack this news judgment or aren't bothering to use it.

## News Is Ignored

I don't mean they are making a lot of silly errors about news of the business. They just operate as if this news didn't exist. The publications devote their space to things like the relative standing of the top agents in the current sales drive; sales material from the company's star producers; statements by the president or other high-ranking officers; who got married, who got born, who got promoted and who died.

Some magazines carry articles or brief items on some profound philosophical truth that has no discernible bearing on the life insurance business. And finally, they may have cartoons, which are usually related to the life insurance business, and jokes, which usually are not.

This intimate, within-the-family type of news belongs in a company publication, and I'm not suggesting that any of it be left out. But it doesn't have to be the entire content. Because in many of the company publications, and I feel they're the better ones, there's evidence that the editor has a good grasp of what is going in the insurance business outside of his own company.

I think this makes for a better magazine because, after all, you're competing for the attention and time of a life insurance man. If he wants to read an article on how to improve his broken-down personality, let him read it in a magazine of general circulation. But news and comment about the business he makes his living in should be of basic importance to him and why shouldn't he look for it in your company's publication? Of course, the material still has to be presented attractively and skillfully, or you won't lure him into reading.

## Statement By The President

Specifically, how can you use your knowledge of insurance news to improve your company publication? Let's say you're presenting a statement by your company's president or some other top executive. You can run the entire thing verbatim, of course. But if you have adequate background know-

ledge of the business, you can cut, condense or rewrite the material so as to get the real guts of the statement before your readers, instead of asking them to wade through a lengthy piece that in the privacy of their homes they'll glance at and skip.

I don't need to point out that the ability to do this kind of condensing job can hardly escape notice—and at the higher echelons where that kind of notice is not a bad thing, by any means.

## Same With Sales Articles

The same thing goes for handling those sales articles by your star agents. I see a lot of those pieces in company publications. Most of them I couldn't use even in a week where a sudden surge of advertising boosts the size of the paper and forces the editors to reach for almost anything with words in it, to fill up the news columns.

Too many of these sales pieces are just rehashes of old stuff, with the agent trying to say what he thinks will make him look good. But if you're hep to what is going on in the life insurance business, you can do two import-

ant things in handling these pieces from agents: You can make sure you avoid using an article that doesn't have something really new and useful to say; and you can edit or rewrite what you do use in a way that points up the new and useful stuff rather than leaving it back on page 14, which is where the agent got around to talking about it.

## No Criticism Of Agent

None of what I've said should be thought to imply any criticism whatever of the agent. After all, there's no more reason for a salesman to be a good writer than there is for you or me to be hot-shot life insurance producers. It's no reflection on what he has to impart if he can't write about it clearly and interestingly and comprehensively. It's up to you to recast his article to make it readable . . . and even to go back after him to get the information he has left out but which is essential to making it a good, helpful piece for your readers.

Another plus in having developed a sense of life insurance news values is that it permits your publication to

(CONTINUED ON PAGE 17)

# OUR PLATFORM:

Life insurance on every member  
of the family—preferably  
with us.



THE  
NATIONAL LIFE  
AND ACCIDENT  
INSURANCE COMPANY  
HOME OFFICE - NASHVILLE, TENNESSEE

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## Income Benefits Of Nearly \$1 Billion Paid Out In 1959

Nearly \$1 billion of life insurance benefits was paid out as income to policyholders and beneficiaries last year by life companies, for a gain of \$140 million over the amount paid out in 1958, according to Institute of Life Insurance.

At the start of the year, life companies held \$7.4 billion of funds which

policyholders or beneficiaries had earmarked for future payments to them as income, an amount which was 50% more than that held 10 years ago. The life insurance proceeds set aside in 1959 for this purpose totaled \$770 million, the institute added.

### Income Use A Major Feature

Income use of life benefits has been a major feature of the life insurance planning for the current generation of American policyholders. The 1959 benefits set aside under income plans totaled more than 25 times those used

in this way in 1920.

So important is the income concept today, that a considerable proportion of policies make specific provisions for eventual income payments either to policyholders or their beneficiaries. For example, about one-sixth of the total ordinary life in force is on family income plans, and over one-fourth of the endowment plans have retirement income provisions.

Seaboard Life of Miami has been licensed in Oregon and is now licensed in 16 states.

## \$12 Million Issue Of Variable Annuity Life Put On Market

NEW YORK—Public offering of million shares of common stock of Variable Annuity Life of Washington, D. C. at a price of \$12 a share was made this week by John C. Legg & Co. and associates.

Net proceeds from the sale will be used to expand and develop business and to provide a substantial capital and surplus. Part of the net proceeds of the offering, estimated at not more than \$300,000, will be invested in government bonds to be used for statutory deposits to meet the licensing requirements of the additional jurisdictions in which the company may be licensed.

Variable Annuity Life, a stock life company, has been engaged in the business of issuing variable annuities, life insurance and disability insurance in combination. It also plans to take steps to enable it to write substantially all forms of life insurance.

### Three General Categories

The company offers individual, pension trust and group variable annuity contracts which fall into three general categories: (1) installment purchase payment deferred contracts; (2) single purchase payment deferred contracts, and (3) single purchase payment immediate contracts. The company is licensed as an insurance company in the District of Columbia, Arkansas, Kentucky, New Mexico and West Virginia. It intends to apply for licenses to do business in other jurisdictions, and eventually to operate in all jurisdictions where the company can be licensed to sell variable annuity contracts.

Upon completion of the current financing, outstanding capitalization of the company will consist of 1,325,000 shares of common stock, \$1 par value.

### 37 In Offering Group

Other members of the offering group include Shearson, Hammill & Co., Dempsey-Tegeler & Co., First California Co., Gregory & Sons, Johnston, Lemon & Co., Auchincloss, Parker & Redpath, Sade & Co., Ferris & Co., Fulton, Reid & Co., Rouse, Brewer, Becker & Bryant, Dittmar & Co., Mackall & Co., Stein Bros. & Boyce, Frank B. Bateman, Ltd., Hirsch & Co., Howard, Weil, Labouisse, Friedrichs & Co., Saunders, Stiver & Co., Arthurs, Lestrangle & Co., Birr & Co., Boenning & Co., Walter C. Gorey Co., Richard A. Harrison, Inc., Pacific Coast Securities Co., A. T. Brod & Co., C. F. Cassell & Co., Cooley & Co., Craigmyle, Pinney & Co., Jones, Kreeger & Co., Mead, Miller & Co., Wm. J. Mericka & Co., Rotan, Mosle & Co., State Investment Co., Strader & Co., C. T. Williams & Co., Harold E. Wood & Co., and Zilka, Smither & Co.

### Harris Retires As N. Y.

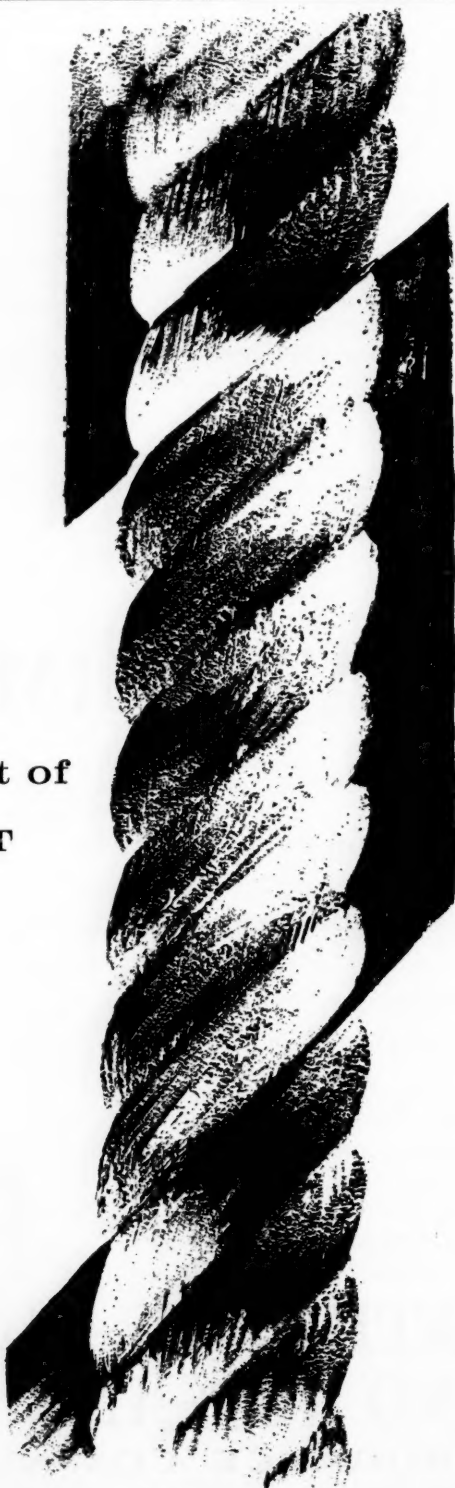
#### Department Chief Counsel

Raymond Harris, deputy superintendent and chief counsel of the New York department, has retired after 45 years of service.

Mr. Harris, who was stationed at Albany, joined the department as an actuarial clerk in 1914. He was appointed chief counsel in 1943.

Peter Ward, who recently resigned as professor of law at Cornell, succeeds Mr. Harris and will be in charge of legal services in the department.

from the  
standpoint of  
SUPPORT



An agent's or broker's  
personal resourcefulness,  
drive, and selling skill  
will take him a long way  
up the income ladder.  
But the climb is  
easier, and usually  
higher, when home  
office support is  
continuous and effective.  
Ours is both.

Life, Accident & Sickness,  
Pension Plans, Annuities



# BERKSHIRE LIFE



# BEHIND THE NYLIC AGENT....



*A complete line of  
modern products to  
give him greater  
sales potential!*

To meet the demands of today's expanded, diversified insurance market, New York Life's complete modern line gives the Nylc Agent a plan for every prospect—whether his client wants Ordinary Life or Accident & Sickness Insurance, on an Individual or Group basis. Among the newest additions to New York Life's line are:

**Family Endowment Plan**—Insures entire family in one policy—then pays Father an endowment at age 65. The one premium can be paid monthly or by Check-O-Matic—the automatic premium-paying method.

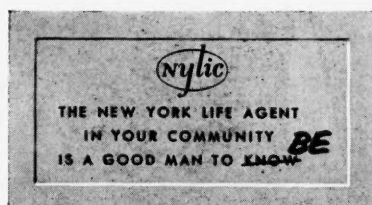
**Guaranteed Insurability Option**—Issued from birth to age 37, GIO guarantees the

future right to specified increases in life insurance protection at standard rates . . . regardless of future health.

**Employee Protection Plans**—Now include Major Medical protection along with Life, Weekly Indemnity and Basic Medical care coverages for firms with from 4 to 50 employees.

**Accident & Sickness**—The modern Home Protector Disability Policy that helps provide income when disabling injuries or illnesses prevent wage earner from working. The policy is noncancellable and guaranteed renewable to age 50, 55, 60 or 65 (in most states) depending upon termination age selected.

*Modern products...  
another reason why*



## New York Life Insurance Company

51 Madison Avenue, New York 10, N. Y.

A MUTUAL COMPANY FOUNDED IN 1845

Life Insurance • Group Insurance • Annuities  
Accident & Sickness Insurance • Pension Plans

## Bordon Suggests Safeguards Against Speculation Buyer Of A&S Insurance

Approximately 10% of 12,140 patients admitted to hospitals reported multiple hospitalization coverage in a recent survey, John V. Bordon, assistant secretary and claims attorney for American Hospital & Life, told the annual convention of National Assn. of Life Companies in Oklahoma City.

Discussing the speculation buyer of hospitalization insurance who loads up with several policies and makes a

profit by staying in the hospital, Mr. Bordon said the survey—undertaken by the technical advisory committee of Health Insurance Council—was conducted at 12 selected United States hospitals. The over-all average of those with multiple hospitalization coverage varied from a low of 5.6% among insured admissions at a Tennessee hospital to a high of 16.2% at a California hospital.

Mr. Bordon said the study further indicated that duplication most often occurred in a combination of Blue Cross with insurance company group coverage. This usually happens in the case of the husband and wife who are both employed and covered under separate group programs.

Patients with multiple hospitalization coverage, according to the survey, had hospital bills totaling about \$93,000, Mr. Bordon said. These same insured patients received reimbursement from their multiple insurance coverages (including Blue Cross) amounting

to approximately \$133,000. Thus, on a relative basis, patients with multiple hospitalization coverage received 44% more in reimbursement than the amount of their hospital bills. Again, the over-all average proportion varied from a low of 23.5% in an Omaha hospital to a high of 67.6% in Indiana.

The speculative buyer is not necessarily restricted to the cases involving Blue Cross and over-lapping group coverages. Many of them deal strictly in the purchase of individual policies from many different companies. Several years ago, Mr. Bordon said, his company handled a case where the insured, it was found after investigation, had 11 hospitalization policies with nine different companies and had collected better than \$4,000 in about two months before he was caught.

### May Have Been Self-Inflicted

All of these policies had been purchased within a relatively short period of time before his claim was incurred allegedly due to an injury which may well have been self-inflicted. He had not given truthful answers concerning other insurance on his applications for these policies nor did he give truthful information on the proof papers. It was later learned from the insurance clerk at one of the hospitals that in order to change his appearance he was dyeing his hair with shoe polish. After all of the companies were informed of this man's activities, he, of course, ended up with no insurance; but it was recently learned from an investigating agency that he is back in business at the same old stand.

Mr. Bordon said that was just one example of the speculation buyer. Others include the retired school teacher who had 12 hospitalization policies providing \$97.50 a day room service and who stayed in a \$13.50 per day room at the hospital; the 18 year old school boy who already had five hospitalization policies. His aunt was the named beneficiary and was no doubt assisting him.

### Costs A Lot

It costs a lot of money to pay premiums on this much hospitalization insurance, so people who engage in speculative buying can have but one thought in mind—and that is to get sick as often as they can or to fake injuries so that they can be hospitalized in order that they can make a profit. Mr. Bordon said his company recently interviewed a lady for a job who had worked for a local hospital and she said the incidents of duplicate coverage were even greater than that indicated in the survey. She said that about one-fourth of the patients admitted had more than two policies and that most of them had 4, 5, 6, and one lady had 13. She also said the insurance department of the hospital was instructed by the hospital authorities

(CONTINUED ON PAGE 27)



## THE MAN WHO SELLS

JOHN HANCOCK . . . can sell more . . . to more people

His complete, up-to-date portfolio includes outstanding benefits and features such as the Insurance of Insurability rider for clients who are under forty and the special allowance at attained age conversion of term to permanent plans. He can also provide the most modern Individual Personal Health and Group Life, Accident and Health contracts.

It's not surprising that the man who sells John Hancock gives better, more complete service—and gets substantial rewards for himself.

*John Hancock*  
MUTUAL LIFE INSURANCE COMPANY  
BOSTON, MASSACHUSETTS



## VARIABLE DOLLAR

counsel and aids on  
sales training, advertising  
and merchandising

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Members: New York Stock Exchange  
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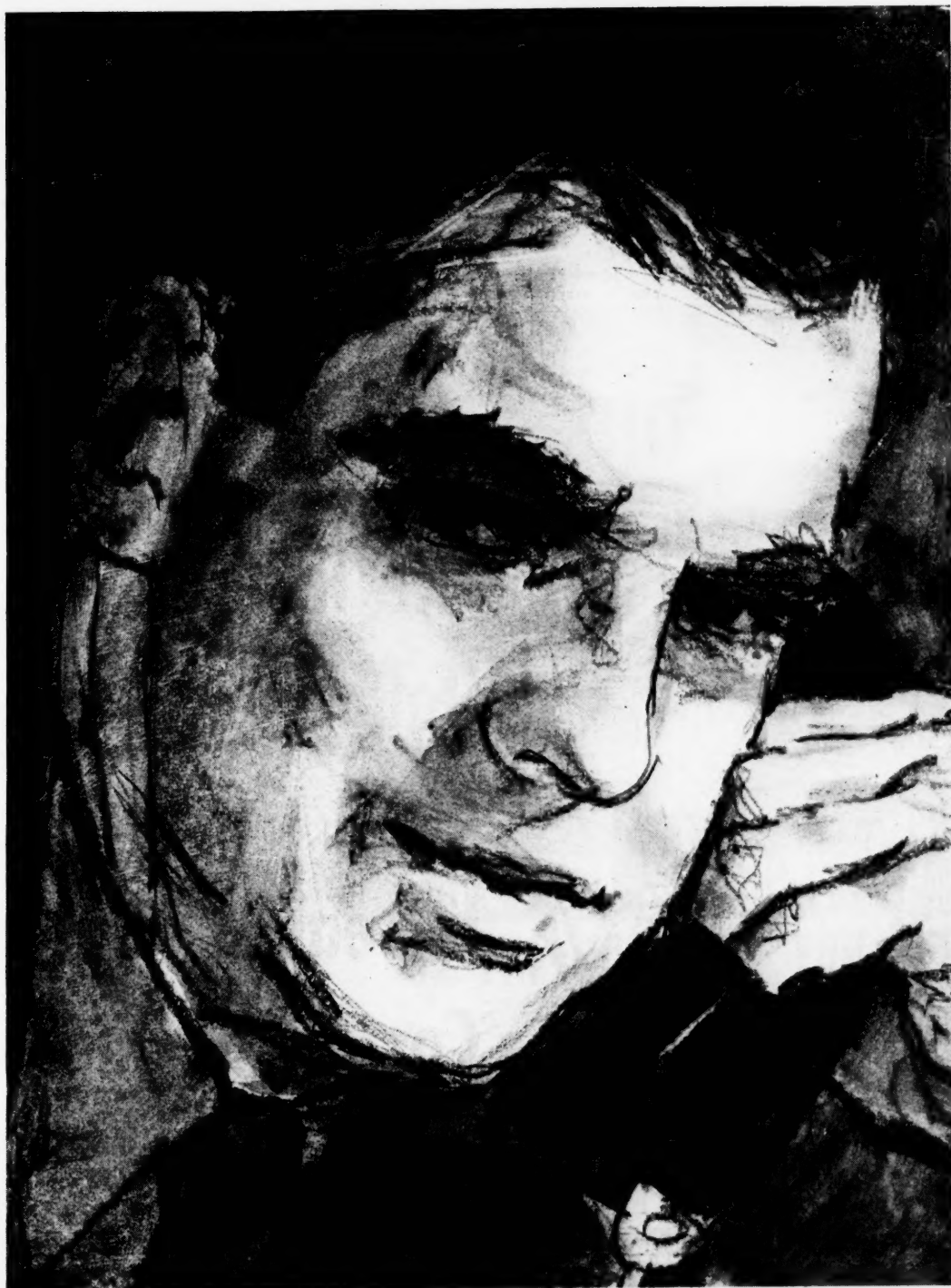
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**Call Nationwide now...** for full information about the most exciting new Group Annuity Plan ever offered! Designed especially for small business firms (as few as *three* employees), Nationwide's Retirement Security Plan reduces administrative costs, puts premium dollars to work for *benefits*. Benefits for key stockholder-employees up to \$96,000 cash, or up to \$670 a month after retirement, with rates and benefits guaranteed for life. Simplified administration... no trust agreements...no individual policies mean satisfied employers. For you—liberal original commission plus renewal fees. Fifty skilled specialists in the field to bring you local, qualified service. Contact Nationwide now! Call collect or write: Bob Vanderbeek, Pension Sales Manager, 246 North High Street, Columbus 16, Ohio. Phone: CApital 8-4711.



Nationwide Life Ins. Co./Nationwide Mutual Ins. Co./home office: Columbus, Ohio

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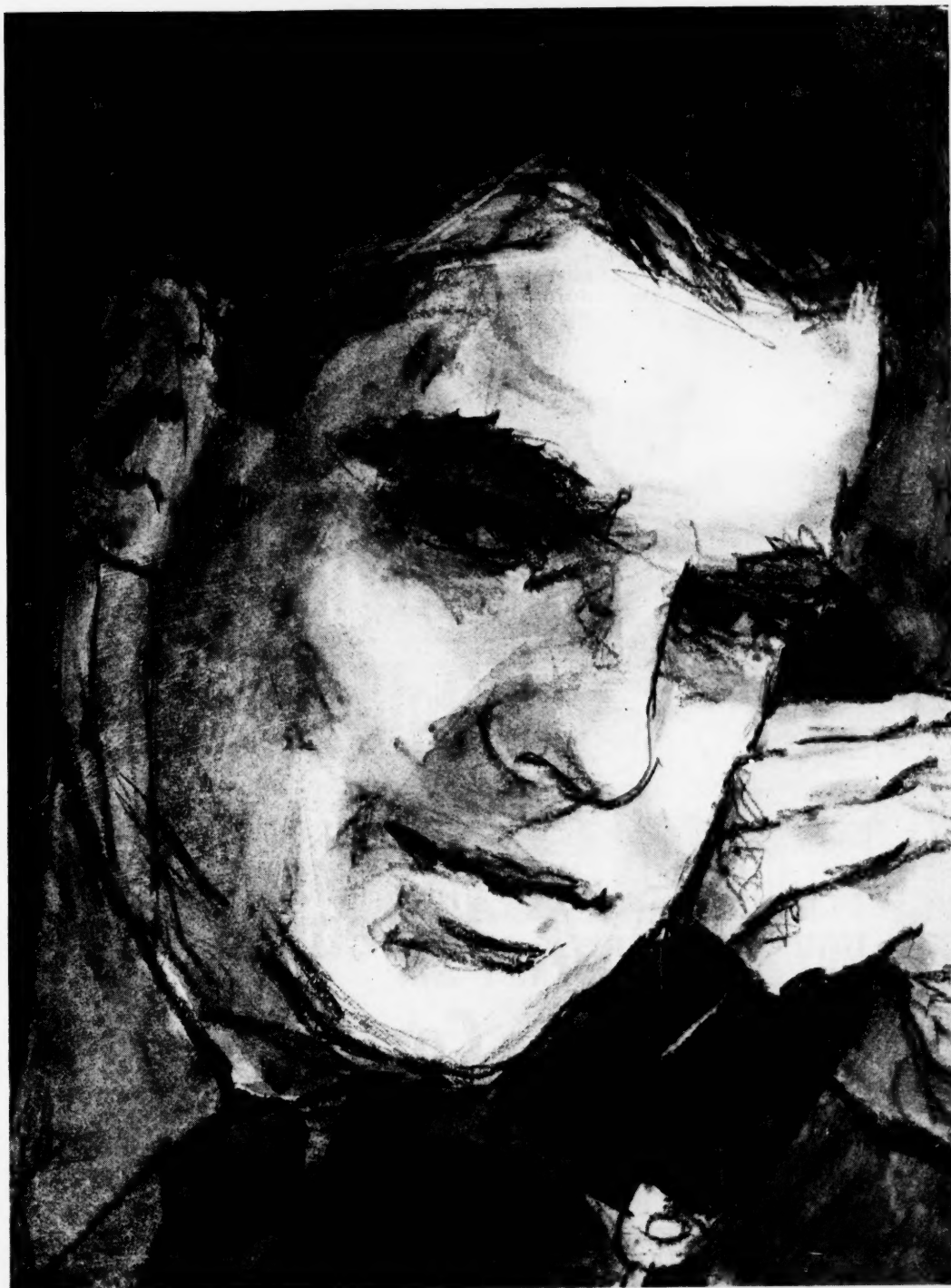
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# shopping for a low-cost simplified small group pension plan?



**Call Nationwide now...** for full information about the most exciting new Group Annuity Plan ever offered! Designed especially for small business firms (as few as *three* employees), Nationwide's Retirement Security Plan reduces administrative costs, puts premium dollars to work for *benefits*. Benefits for key stockholder-employees up to \$96,000 cash, or up to \$670 a month after retirement, with rates and benefits guaranteed for life. Simplified administration... no trust agreements...no individual policies mean satisfied employers. For *you*—liberal original commission plus renewal fees. Fifty skilled specialists in the field to bring you local, qualified service. Contact Nationwide now! Call collect or write: Bob Vanderbeek, Pension Sales Manager, 246 North High Street, Columbus 16, Ohio. Phone: Capital 8-4711.



Nationwide Life Ins. Co./Nationwide Mutual Ins. Co./home office: Columbus, Ohio

## Briggs Is Nominated For LAA President

John L. Briggs, vice-president of Southland Life, is the nominating committee's choice to succeed Robert S. Kieffer, Metropolitan Life, as president of Life Advertisers Assn.

Other nominees are L. Russell Blanchard, Paul Revere Life, vice-president; John P. White, Lincoln National, treasurer; John B. Blalock, Liberty Life, editor, and George H. Kelly, New York Life, for a second

term as secretary.

Nominated for two-year terms on the executive committee are Clay R. Alexander, Lamar Life; Henry E. Arnsdorf, Prudential; Myron Jones, Union Central Life; and Richard W. Marsh, California-Western States Life.

Edwin P. Leader, Bankers Life of Iowa, headed the nominating committee. The slate will be presented at the annual meeting Sept. 21-23 at New York.

**Provident Mutual Life** has been licensed in North Dakota.

## Springfield-Monarch First Half Better

Ordinary life sales for the Springfield-Monarch group were \$51,411,640 for the first half of 1960, up \$9,889,260. New individual A&S premiums were \$2,476,397, up from \$2,197,294.

The group showed a combined premium income for the first six months of \$49,557,497, an increase of \$2,209,780. Sales were ahead in all lines of insurance.

Net investment income for all com-

panies for the period totaled \$2,584,203 up \$406,467. This amount excludes a dividend of \$298,953 paid to Springfield Fire & Marine by Monarch.

Consolidated assets of Springfield Monarch on June 30 were 245,359,581 and policyholder surplus was \$88,631,990.

## Acacia Mutual Half-Year Sales Up

Acacia Mutual Life's total sales during the first six months of 1960 were \$104.2 million, an increase of 3.3% over the first half figures for 1959. June sales were \$18 million, a record.

# DID YOU SAY...

**"Life Insurance  
Dollars  
Can't Combat  
Increased  
Cost of Living."**

They can at *Kansas City Life!*  
Kansas City Life's *Exclusive Plan*

## “THE ECONOMIC PROTECTOR”

**Guarantees:**

- 1. Increasing Monthly Income Benefits to Beneficiaries**
- 2. Increasing Yearly Death Benefits to Beneficiaries**
- 3. Completion of Premium Payments on Insured at Age 65**

**THERE IS NO OTHER PLAN LIKE IT ON THE MARKET!**

**We've spelled out Kansas City Life's answer to the "fixed-dollar" arguments in the next column. We think you'll find it interesting.**

# KANSAS CITY LIFE INSURANCE COMPANY

**Home Office/Broadway at Armour/Kansas City, Mo.**  
**Represented in 41 States and the District of Columbia**



**The Economic Protector**  
protects the beneficiaries against rises in living costs in the years ahead in these ways:

**If the insured dies before he is 65**

Cash payment is made to Beneficiary. Amount of this payment is *guaranteed to increase* at the rate of  $2\frac{1}{2}\%$  of itself for each year between date of the policy and date of the Insured's death.

**plus**

**Monthly Income Payments to Beneficiaries.** Beginning when Insured dies before 65th birthday. Payable in amounts *guaranteed to increase* at the rate of  $2\frac{1}{2}\%$  of themselves for each year between date of policy and date of each payment. Payments continued until date the Insured would have been 65.

**If the insured lives to age 65 or older**

All Premiums are Paid at age 65. But, the amount of fully-paid-up insurance (Paid in one sum on death of the insured) at age 65 is also guaranteed to continue *increasing at the rate of 2 1/2% each year after the insured is 65 for the insured's entire lifetime.*

**KANSAS CITY LIFE**  
INSURANCE  
COMPANY



## Opposes Insurance Regulation For Mutual Funds' Variable Annuities

A strong argument for keeping insurance departments' hands off the kind of variable annuity written by some mutual funds and lacking any kind of insurance feature is made by George E. Johnson, pioneer in the development of the variable annuity, in the current Georgetown Law Journal.



George E. Johnson

Mr. Johnson distinguishes between these mutual fund variable annuities, which guarantee nothing except a participation during the investor's lifetime, from variable annuity contracts issued by such companies as Variable Annuity Life and Equity Annuity Life, which were incorporated as life companies, purport to be life companies, guarantee against mortality losses and expense increases and write fixed-dollar term life insurance and fixed-dollar premium waiver benefits.

### Calls Result Inevitable

A former president and chairman of both Variable and Equity, Mr. Johnson believes the Supreme Court decision holding those companies subject to Securities & Exchange Commission regulation made it inevitable that mutual funds would resort to the variable annuity as a means of distributing mutual-fund shares. One method is the pension trust, like the Keystone Retirement Equity Trust, an open-end multiple-employer pension trust.

The other method by which mutual funds may use the variable annuity is to liquidate individuals' mutual-fund shares on the variable-annuity principle. This plan is being considered by Waddell & Reed, a large national retail distributor of United Funds, Inc. It differs from the Variable Annuity Life and the Equity Annuity Life system in providing nothing whatever in the nature of insurance features.

### Insurance Must Insure

It is a basic characteristic of an insurance company that it must assume some risk, Mr. Johnson points out in his article. The very words "insurance" and "assurance" mean something that "makes sure." The insurance company must identify or guarantee something, or at least take some risks that subject it to legal liability.

"Perhaps the leading case holding that there must be some assumption of risk by the insurance company is *Helvering vs Le Gierse*," says Mr. Johnson, "In this case the deceased had bought, at age 80, a life-annuity contract from an insurance company for a single premium of \$4,179. At the same time she bought a single-premium whole life insurance policy in the face amount of \$25,000 for a single premium of \$22,956.

### No Medical Examination

"There was no medical examination. The insurance policy would not have been issued without the annuity contract, but otherwise the two contracts were entirely separate. The Supreme Court held that the proceeds of the life insurance policy issued by the life insurance company were not insurance within the meaning of the federal estate law, because the insurance and the annuity neutralized the risk normally inherent in the other.

Citing a U. S. court of appeals decision involving a non-profit group health association case, which held that its operations did not constitute insurance, Mr. Johnson says that the proposal of the mutual funds to use the variable annuity as a distributing device without any guarantees or assumptions of risk falls squarely within the reasoning of the court in that decision.

### No Insurance-Type Risk

"There is no risk assumed by a company comparable to that of an insurer," he points out. "Thus, no danger of default can occur. Stated differently, there is no possibility of insolvency of the insurer. The plan is wholly mutual and the control rests with the annuitants. They even control the investment policy that must be followed by the trustee. As there is no assumption of risk whatever by the mutual fund, the trustee or the underwriter, they do not 'assure' anything. They are not in the insurance business."

Mr. Johnson holds that as a policy matter there is no reason for state insurance commissioners to regulate variable annuities that do not "charge the person of the grantor," the expression used in the often-cited definition of annuity given by Lord Coke many years ago. The sale of such variable annuities should be strictly regulated by the securities commissioners under laws specially designed for the regulation of investments and the protection of the public where the speculative element is a paramount purpose. Laws designed for the regulation of the insurance business are inappropriate.

Mr. Johnson notes that even in the case of Variable Annuity Life and Equity Life, which issue conventional premium waiver benefits, where individual annuities have been sold in conjunction with term life insurance, and where the mortality and investment elements of the variable annuity contract were guaranteed by the company, the Supreme Court held that the contracts were essentially investment contracts and not insurance within the meaning of federal statutes.

### Insurance Regulations 'Circular'

"It was said that even in these contracts insurance-department regulations were largely 'circular' and did not furnish the basic protection that the participants need," Mr. Johnson recalls. "A fortiori, the insurance laws would not be effective to regulate the use of variable annuities to distribute mutual fund shares where there are none of the elements present in the contracts of VALIC and EALIC."

Mr. Johnson denies that just because something involves merging of mortality it should therefore be subject to insurance department regulation.

### 'Myth Without Foundation'

"Surprisingly, this merging-of-mortality theory has been expressed by counsel for several large life insurance companies, although never in a formal statement of any kind," he comments. "No case has been found specifically enunciating the merger-of-mortality theory, and search has failed to reveal any real support for this theory. The merging-of-mortality concept seems to be a myth without any foundation."

Warning that state insurance commissioners would be opening a Pandora's box of future trouble if they

should attempt to regulate variable annuities having none of the traditional insurance earmarks, Mr. Johnson makes the point that the commissioners would be lacking the usual guideposts and would be embarking on a strange and uncharted journey.

### Should Relinquish Control

They would have to assume a curious and indefensible position if they should insist that annuities must be written by life insurance companies and can only be written with the traditional insurance elements. If the in-

surance commissioners can't regulate variable annuities without the insurance elements, they must be willing to turn the regulation of these annuities over to some other agency such as the Securities & Exchange Commission or state securities commissioners.

"In those variable-annuity arrangements where there is no assumption of risk by any person or company whatsoever, where there are no guarantees and no indemnity agreements, where benefits are not payable in a specified number of dollars, and the

(CONTINUED ON PAGE 20)



## TAKE FULL MEASURE OF THE COMPANY YOU SEEK

**NUMEROUS** life insurance companies can boast of particular strong points and advantages. When embarking upon a General Agency career, your future will be happier and more rewarding if the company you select can "measure up" to these qualifications:

**Earning Potential** Protective Life's General Agents Agreement provides top commissions, overriding commissions, vested renewals, service fees and a liberal expense arrangement.

**Competitive Position** Protective Life meets competition on all forms of Ordinary Life policies, both Par and Non-Par, and on all types of Group Insurance.

**Stability** Protective Life has \$114.43 of resources for each \$100.00 of liabilities.

**Progressiveness** Protective Life has an Audio-Visual Selling Program, Quantity Discount premium system, and writes such "special" coverages as Disability Income and Guaranteed Insurability.

**Reputation** Protective Life is now in its 53rd year of successful operation, has more than a billion dollars of life insurance in force and carries an "Excellent A-Plus" rating by independent authorities for the ranking of insurance companies.

**Opportunity** General Agency opportunities unlimited throughout the Southeast for experienced Agents doing well in life insurance business, yet somewhat impatient with prospects for future advancement.

Your inquiry is invited.



## PROTECTIVE LIFE Insurance Company

Col. William J. Rushton, President

BIRMINGHAM, ALABAMA

## 'Health Insurance' Defined, Classified By Teachers' Unit

Definitions of "health insurance," of "accident insurance," and of "sickness insurance," plus a tentative classification system for health insurance, were arrived at by the committee on health insurance terminology of American Assn. of University Teachers of Insurance in all all-day meeting at New York.

Having previously decided to standardize "health insurance" as the generic name of this line of business, the committee which is headed by E. J. Faulkner, president of Woodmen A.&L., agreed upon the definition of the term:

"Health insurance: Insurance against loss by sickness or bodily injury. (Sometimes called 'accident and sickness' or 'accident and health' insurance and sometimes also used to mean insurance covering only sickness or medical expense.)"

The committee also agreed that additional explanatory material to ac-

company the definition, including recommendations for the use of the term, should be developed by its official editor, R. W. Osler, president of Underwriters National.

The following classification system was adopted, subject to certain refinements to be worked out by the editor and subsequently approved by the committee:

- I. Perils.
  - A. Accident.
  - B. Sickness.
- II. Contractual arrangements.
  - A. Group.

- B. Individual, including family.
- C. Blanket.

After considerable discussion, it was decided that "franchise" cannot be defined as a separate classification but should be a sub-classification.

- I.I. Types of losses.
  - A. Accidental death.
  - B. Dismemberment and loss of sight.
  - C. Loss of earned income, real or presumptive.
  - D. Medical expense.
- IV. Basis of payment.
  - A. Valued.
  - B. Reimbursement.
  - C. Service.
- V. Types of benefits.
  - A. Accidental death.
  - B. AD&D.
  - C. Income.
  - D. Expense.
- VI. Kinds of companies.

It was decided that terminology in this area is in the domain of the committee on general insurance terminology.

- VII. Continuance provision.
  - A. Individual.
    - 1. Non-cancellable.
    - 2. Guaranteed renewable.
    - 3. Limited renewable (or "restricted termination right").
    - 4. Optionally renewable.
    - 5. Cancellable.
    - 6. Non-renewable.

B. Group. Doubts were expressed that usable subdivisions could be distinguished under group, but the editor was instructed to consider the possibility of working out terms to cover the following descriptions of subdivisions.

- 1. Guaranteed renewable as to master contract.
- 2. Contract that can be discontinued for any renewal period for the master policy.
- 3. Guaranteed renewable during continuance of employment.
- 4. Cancellable as to a class within a group.

### VIII. Methods of merchandising.

It was decided that subdivisions in this area are in the domain of the committee on general insurance terminology.

In final action, the committee decided upon definitions of "accident insurance" and "sickness insurance":

"Accident insurance: A subdivision of health insurance against loss by accidental bodily injury." The editor was instructed to add explanatory material to include the "accidental means" distinction.

"Sickness insurance: A subdivision of health insurance against loss by sickness." The editor was instructed to add explanatory material including mental illness, pregnancy, and certain forms of preventative and diagnostic medicine.

### Another Meeting Planned

The meeting was filled with banter and by-play, including some sharp but non-acrimonious differences of opinion. The committee adjourned sine die with agreement that depending on the progress of the editor in developing definitions and refining classifications, it would try to meet in approximately six months at the time of some insurance meeting normally attended by the majority of committee members.

J. Jerome Eastman has joined Newton H. Johnson & Associates, Toledo, specialists in pension welfare plans and estate work, as director of special risk retirement plans. He has been with Continental Casualty as field supervisor at Toledo.

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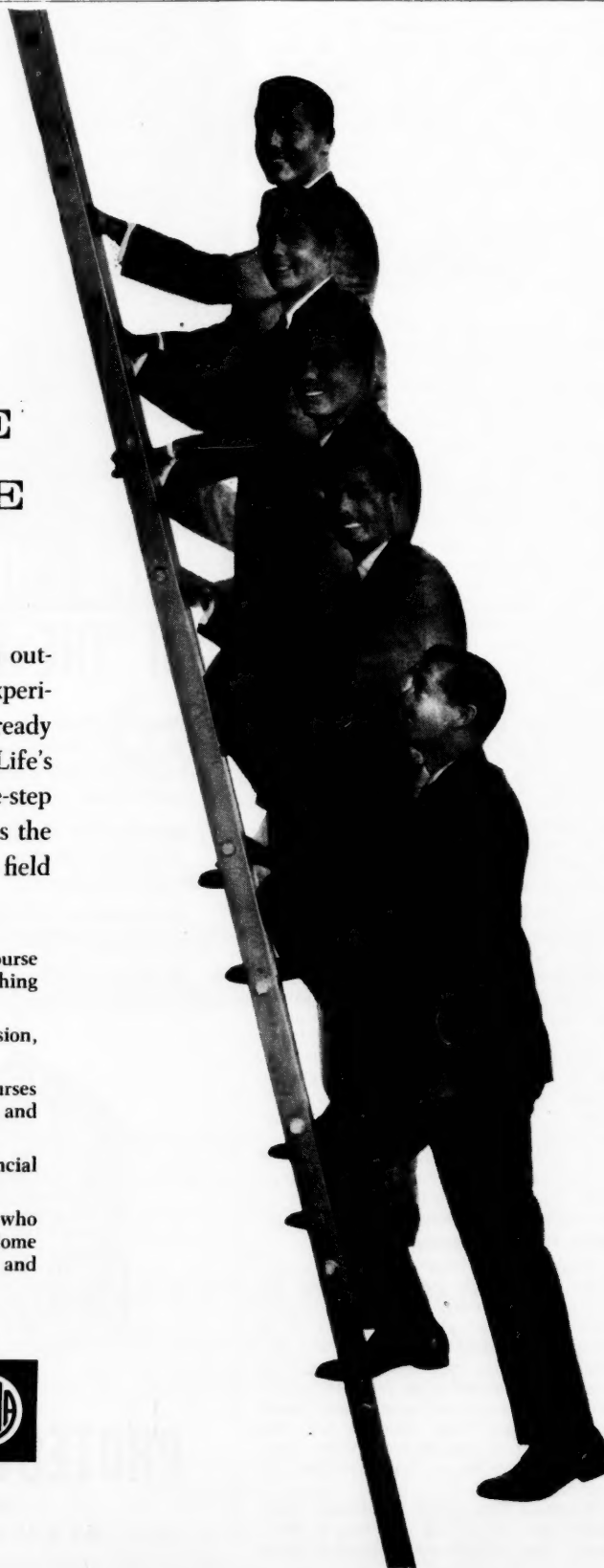
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# NIA Draws 475 To Detroit Meeting

## Panel Goes On Air



Norman O. Houston, president Golden State Mutual, Los Angeles.

Three NIA members who were interviewed over Detroit radio station WCHB during the convention: Asa T. Spaulding, president North Carolina Mutual; Edward S. Gillespie, vice-president and PR director Supreme Liberty Life, Chicago; and

An unusual and interesting feature of the convention was an interview over Detroit radio station WCHB of a panel of NIA.

Moderated by Edward S. Gillespie, vice-president and public relations director Supreme Liberty Life of Chicago, participants included Asa T. Spaulding, president North Carolina Mutual; Norman O. Houston, president Golden State Mutual, Los Angeles; E. L. Simon, agency director Atlanta Life; Theodore A. Jones, vice-president and controller Supreme Liberty Life; Robert L. Bradby, president Wright Mutual Life, Detroit, and E. E. Fort, vice-president and agency director Detroit Metropolitan Mutual.

Mr. Gillespie noted that NIA was organized in 1921 by a group of nine men as National Negro Insurance Assn. In 1954, the name was changed to its present reading. NIA's purpose,

he said, is to raise standards and practices among participating members, to contribute to the total health and insurance education of the nation, and to build confidence in insurance companies owned and controlled by Negroes.

Mr. Spaulding said his own company was formed in 1898, at a time when "hat passing" was the usual practice when money was needed for a burial. Mr. Simon furthered this line of thought by remarking that since, at that time, the Negro mortality rate was too high for white companies to write them, Negroes formed their own companies. Mr. Spaulding said white companies are now not only writing Negroes—they're also hiring Negro agents.

How are the field forces meeting the competition, new in many areas,

(CONTINUED ON PAGE 15)

## Planning Is Termed Key To Success By Executive Director

After analyzing charts and graphs that clearly reveal the growing companies in NIA from the non-growing organizations, and after evaluating the various member company practices and policies, the difference would seem to be simply in terms of planning, Murray J. Marvin, the association's executive director, stated in his address.

### Cites Four Key Areas

Mr. Marvin said the four key areas are management itself, sales, service and organization. Member companies should ask themselves if their public relations program is merely a token effort, or whether it has real depth and effectiveness. Is a training program existent? Are the agency director, secretary and other senior officers an integral part of this program? Do officers and department heads understand costs, personnel practices, labor contracts? Do they know the value of expert planning, or do they simply rely on pressure to get things done?

Planning is an art, Mr. Marvin stated. Only planning can control pressure and bring about more realistic, long range results. A plan comes into being as a chosen method of reaching a desirable objective. It represents a careful distribution of a number of detailed courses of action which, if car-

(CONTINUED ON PAGE 16)

## Virgil L. Harris Named President At 40th Annual

### Many Speakers Discuss Challenge Of The 60s; Nixon Wires Greetings

By R. R. CUSCADEN

DETROIT—National Insurance Assn., composed of 53 life companies owned and operated by Negroes, was in an especially festive mood as it met here for the annual convention—and with good reason. The occasion marked, and few speakers were reluctant to remind their audience of the fact, a double anniversary: NIA's 40th and the 10th of the association's national office.



Virgil L. Harris

### T. A. Jones Is 1st V-P

Virgil L. Harris, Protective Industrial, Birmingham, moved up to the presidency, succeeding T. P. Harris, president Chicago Metropolitan Mutual, and Theodore A. Jones, Supreme

(CONTINUED ON PAGE 16)

- LIFE • RETIREMENT
- MORTGAGE CANCELLATION
- SICKNESS & ACCIDENT
- HOSPITALIZATION
- ENDOWMENT
- GROUP



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Congratulations to the National Insurance Association, convening in Detroit, July 25th, thru July 29th.

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Heartiest congratulations to the National Insurance Association as it celebrates its fortieth anniversary, and the tenth year since the opening of its National Office in Chicago. We are proud of the fact that we are Charter Members of this fine organization!

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A. M. Carter, Vice President-Secretary  
J. M. Hinton, Sr., Vice President-Agency Director

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Making reports at the first general session were, from left, C. O. Hollis, Pilgrim Health & Life, Augusta, Ga., director region IV; Benjamin J. Johnson, People's Life of New Orleans, director region III; Arthur Knight, Unity Mutual Life, Chicago, director region II; E. L. Simon, Atlanta Life, NIA board chairman; T. P. Harris, Chicago Metropolitan Mutual, presiding officer, and H. H. Southall, Southern Aid Life, Richmond, director region I.

## Spaulding: NIA Must Keep Abreast Of Negroes' Rapid Economic Improvement

As the pace of Negro income improvement and geographic dispersment becomes increasingly rapid, it becomes, accordingly, ever more important that NIA companies keep abreast of these changes, Asa T. Spaulding, president North Carolina Mutual, stated in his keynote address.

Company officers must prepare for the expansion of the national economy and for the growth and shift, within the Negro market, which will occur in the years ahead, Mr. Spaulding said. New job opportunities, new educational opportunities and population shifts to urban centers, especially in the north and west—all of these have been taking place and have already affected the business of NIA companies.

Late in 1959, few magazines were without their articles on the "fabulous sixties," the "golden sixties," or the "soaring sixties." The general impression seemed to be that because of the exploding population and booming economy, business was assured of an era of unprecedented prosperity.

However, Mr. Spaulding said, business still has its problems. There is, in fact, now no little concern as to whether 1960 will even be a good year. At the same time, outside competition is increasing its activity into what NIA has considered its own market. This competition is reflected not only in increased sales efforts, but also in the use of Negro manpower within NIA's market.

Mr. Spaulding said he knows four MDRT producers who are Negro. All four are working for companies which are not members of NIA. Two of them spoke at the convention last year in Chicago. Why are they not working for NIA companies?

This recruiting will not stop, Mr. Spaulding warned. It will increase. Are NIA companies doing everything necessary to recruit and develop to the fullest capacity the type of men needed to meet the challenges of the sixties, he queried.

Product competition is not only coming from within the industry—it is also originating from without, he said. There is much talk these days about "buy term and invest the difference." While many sound arguments can be marshalled against this for the major portion of the insurance public, it is

incontrovertible that as long as inflation is a threat and stocks continue to go up, the arguments will be less and less effective.

Mr. Spaulding said he wished to make it clear that he does not argue against the purchase of stock by those who are able. But he does feel that basic insurance needs should be provided for first. The basic function of a life insurance company is to offer guaranteed protection against disability, dying too soon or living too long.

Neither inflation nor deflation is inevitable. But the economy does not remain static and it would be tragic if a man's death or retirement date should occur when the economy happens to be down.

These challenges must be met with action, Mr. Spaulding said. NIA must get on the defensive. One way to do this is by giving the best possible service. Having become alarmed at the number of lapses for a specific period his own company had suffered, personal letters were sent to a sampling of these, asking them why the policies had been allowed to lapse. Of the replies received, not a single person gave as the reason for not paying his premium a lack of money. Reasons were "I forgot," "no-one contacted me," "didn't know the premium was due," etc.

This is not the type of service that is going to successfully meet these new challenges, he said. Everyone today is becoming accustomed to first-class service. The competition is giving it and so must NIA companies.

Mr. Spaulding said that in a recent issue of THE NATIONAL UNDERWRITER, an article appeared announcing the appointment of a vice-president and director of social research for one of the larger companies. This man's duties will be to "study scientifically the security needs of all Americans" in the future. This graphically points up the fact that companies can no longer simply drift with the tide.

Mr. Spaulding closed by warning that the decade to come could become "the disastrous sixties if we allow them to be. We must meet the challenges with action, and I mean intelligent, positive and aggressive action. The problems will be many; but we can go forward if we are willing to face up to what lies ahead."

### NIA Moves East For '61 Meeting, West In '62

National Insurance Assn. moves to the east coast—Washington, D. C.—for its 1961 convention, and then to the west coast in 1962—Los Angeles.

August 13, 1960

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## PRESIDENT SAYS:

## Inflation Is Problem Of Entire Industry

The entire life insurance industry is justifiably concerned about the challenge of inflation and the attendant problem of consumer credit, T. P. Harris, president Chicago Metropolitan Mutual, told the convention in his president's address.

The rising cost of doing business, together with the fixed and level premiums in the life industry, is causing both small and large companies to make fast adjustments to survive, he said. Increased volume is one approach to this challenge and it is apparent that NIA companies simply do not have the time left in which to indulge the luxuries of complacency, self-aggrandizement and self-satisfaction.

Three courses of action remain: To decide that an individual company will cast off the lethargy of first gen-



Ready to open the 40th annual convention of NIA was its president and presiding officer, T. P. Harris, president Chicago Metropolitan Mutual.

eration thinking and join the competitive march of time and grow; to merge with some other company and together form a new management team with this competitive spirit; or stand idly by and be overwhelmed by the progressive waves of growth acceleration.

Mr. Harris said that a change in a market occurs where there is either a change in quantities which suppliers stand ready to offer, or a change in the quantities which buyers stand ready to take. With regards to the Negro market, he said, there is little doubt that a change has taken place in the demand situation, but this is not the whole story.

Economists say there must be a willingness on the part of the buyer to take a larger share of these goods or services and at some given price. This naturally raises the question of, first, the quality of NIA goods and services and, second, the price as against the competitive market to which the NIA market is now exposed, Mr. Harris asserted.

The Negro buyer is hardly willing, and NIA companies have no right to ask him, to pay a higher price for the same quality of goods and services; but he is willing, and does now take, a larger supply of these goods and services at the going price.

Mr. Harris said the Negro market is changing from industrial (small amounts) to ordinary (large amounts), but if NIA is to compete in this changing market it must be prepared to compete with the same services at the same price.

## Convention Hears Proposal For Executive Development School



Principals of the executive section meeting: Theodore A. Jones and Warren H. Bacon, both of Supreme Liberty Life, Chicago, and W. J. Kennedy III, North Carolina Mutual.

A program for a proposed Executive Development Institute was formulated at the executive section, Theodore A. Jones, vice-president and controller Supreme Liberty Life, Chicago, presiding. Speaking in favor of the program were Mr. Jones; Virgil L. Harris, Protective Industrial, Birmingham, and Warren H. Bacon, personnel director Supreme Liberty. During the question period, Asa T. Spaulding, president North Carolina Mutual, and Norman O. Houston, president Golden State Mutual, Los Angeles, both expressed approval of the idea. The section voted unanimously to offer the proposed E.D.I. to the NIA board for consideration.

W. J. Kennedy III, controller North Carolina Mutual, also spoke during the session, his topic being "Short Range Performance Evaluation and Feedback."

Mr. Harris said that during the past several years, many executives have recognized the need for such an institute due to the growing shortage of personnel. NIA must assume the responsibility for training new, young executives to eventually replace the large number of senior executives who will be retiring.

Such understudies are not threats to senior executives; they are simply a guarantee that the companies will be perpetuated. Mr. Harris said he didn't want to appear pessimistic, but sister companies occasionally disappear simply because of a lack of trained personnel.

Mr. Bacon then described the pro-

posed institute. It would provide a broad basis by which management personnel of NIA companies could measure and guide their progress in the development of modern management skills and techniques. The many areas of knowledge necessary for effective executive performance cannot be acquired and perfected in a one or two week course, he said. But by making available the essential tools of "managing," the course can serve as a resource center for meaningful self-improvement. To the extent the program provides the stimulus and direction for individuals to pursue further study and experiences, the purpose of the institute has been fulfilled and the name "executive development" is justified.

Mr. Bacon said the institute would be held in the spring of each year at Tennessee A.&I. in Nashville. Sessions would last one week and enrollment would be open to any management personnel or trainee of NIA companies. Guest instructors would be recruited from the broad spectrum of industry and education. NIA instructors would be also used—thus providing a practical fusion between fundamental principles applicable to all businesses and information peculiar to the life insurance industry.

The course would be broken into five main topics. These, and their respective time allocation, are: Working with people, 40%; personal skills and development, 30%; principles of business organization, 12½%; understanding the annual statement, 12½%; and

## Seven Executives Are Interviewed Over Detroit Radio Station

(CONTINUED FROM PAGE 13)

originating from the large white companies? Mr. Fort said even the smaller NIA companies are beginning to realize the importance of a well-trained staff. LUTC and CLU courses are being utilized. Merchandising seems to be the key to successfully meeting and besting the new competition.

Mortality among Negroes is improving. What are the reasons for this? Mr. Houston said the vast change in Negro mortality was inevitable as housing conditions improved, as the Negro was given a more equal chance to participate in a greater range of jobs. The communicational aspects of radio and TV have made health information more readily accessible.

How is NIA to become stronger? Mr. Jones asserted that mergers and consolidations will play a more and more important role in the coming years and these can't help but strengthen NIA. Member companies will have to adjust rates and change ways of underwriting to meet the marketing challenge, which will intensify as the Negro market is increasing sought after. The trend is definitely toward research and planning; and these are only possible with large resources.

As to the shifting population, Mr. Bradby said NIA companies, through the medium of confidence-building insurance, have no doubt helped bring about a healthy situation as many negroes have moved northward.

future economic outlook and the need for better trained management personnel, 5%.

Companies can and must help the young executives completing the E.D.I. course, Mr. Bacon concluded.

Mr. Kennedy stated that if NIA companies are to continue to develop, or even to simply stay in business, it is essential that short range evaluations be made. However, few member companies have done much along this line.

Formal organizational charts must be made and strict unit demarcations must be known, Mr. Kennedy said. This is to be done before any work measurements are attempted. A comparative value scale is a valuable company tool.

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Total Assets (1959) . . . up 15.6% to \$23,648,655  
Insurance Income (1959) . . . up 13.67% to \$146,800,000  
Total Policyholders (May, 1960) . . . 335,000

Since January, 1960, Supreme Liberty Life has added to its volume the business of Beneficial Life Insurance Society, Detroit, and The Federal Life Insurance Co., Washington, D. C. With 36 Branch Offices and more than 300 representatives, Supreme Liberty Life is more than ever a truly national institution, offering 12 important services to its policyholders.

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## Virgil Harris Elected President At Detroit

(CONTINUED FROM PAGE 13)

Liberty Life, Chicago, became 1st vice-president. H. H. Southall, Southern Aid Life, Richmond, was named secretary, replacing W. A. Clement, North Carolina Mutual, and A. M. Carter, Pilgrim Health & Life, Augusta, Ga., the association's treasurer for 17 years was reelected to that post. Benjamin J. Johnson, People's Life of New Orleans, is the new general counsel, and L. M. Argrett, Afro-American Life, Jacksonville, remains sergeant-at-arms.

The association has grown from an organization comprising 60 representatives of 13 companies to its present strength of 53 companies. This year's attendance was just short of 500 (some 475 were officially registered), but even this did not set a record; the New York convention a few years back holds that distinction. NIA now observes its own National Insurance Week, conducts an annual Institute in Agency Management, and, if this year's executive section's resolution is approved, will soon operate an Executive Development Institute. Last, but certainly not least, NIA's national office, under the able direction of Executive Director Murray J. Marvin, issues a well-edited, highly informative quarterly, the Pilot.

### Greetings From Nixon

Detroit's Mayor Mariani welcomed the delegates at the awards luncheon, Michigan's Commissioner Blackford extended his own and Gov. Williams' greetings at the fellowship luncheon, and the annual banquet was pleasantly surprised to hear that a telegram had been received from Vice-president Richard M. Nixon expressing his best wishes for a successful convention.

Following gustatory splendors at the banquet which few mortals are privileged to enjoy, Louis E. Throgmorton, vice-president Republic National Life, presented President T. P. Harris a gavel on behalf of Republic National. Mr. Throgmorton was the featured speaker at the banquet.

The theme of the convention was "Meeting the Challenge of the 60s with Action" and many speakers were obviously in agreement with Ortega y Gasset's famous dictum: "No connection with the past means no connection with the future." Accordingly, reviews of the past decade were much in evidence and if success in the 1960s depends upon a thorough scrutinization of the 1950s, NIA has every reason to expect great things of its member companies.

### Gains Three Companies

David Abner, Texas Southern University, after stating that NIA had gained three companies in the past 10 years, gave highlights of a study he had made of how NIA companies had fared during the 1950s. Thirty companies were analyzed, he said, since these 30 had 92% of the total assets and 91% of the total in force premium; thus these 30 adequately represent NIA's entire membership.

Indicating the increase in the Negro market, Mr. Abner noted the total Negro population in 1949 was 15 million; in 1959 it was 19 million. This represents an increase of 25.5%, while the total white population increased only 16.2%. Negroes now compose 11.2% of the total population.

In 1949, NIA companies had \$204 million of ordinary in force; in 1959, this had increased to \$499 million. In 1949, ordinary in force represented 23.1% of NIA's total in force premium;

## Executive Director: Must Plan For Success

(CONTINUED FROM PAGE 13)

ried out with fidelity, will finally result in achieving the objective. A plan is constructed of various ingredients, he said, the most important of which are people—knowledgeable people using resources and performing in a combination of prescribed actions over a period of time with methods of control. Evaluation and patterns of communication must be built into a framework of the plan.

Mr. Marvin asserted that business is increasingly becoming a profession requiring of its participants the kind of understanding and skill which can best be achieved through informed interpretation of business experience.

### Negroes' Disposable Income

The most impressive change in the past 10 years has been in the gross amount of the disposable income of the Negro market, he said. In 1950 there was talk of a \$12 to \$15 billion market. Economists now state the Negro market is presently over the \$20 billion mark. NIA member company debit managers have seen this reflected in the higher per capita income of the Negro consumer and in his general movement into higher income brackets.

After paying tribute to the association's outgoing president and secretary, Mr. Marvin made a 10-year report of his office. He said he had visited all but three of the member companies while traveling 71,000 miles. His office had designed 65 agency room posters and distributed more than 6,000 of these; printed some three million door-openers, and mailed 200,000 National Insurance badges.

in 1959, 32.6% of the total was ordinary.

The average size NIA ordinary policy in 1949 was \$823; in 1959, this was \$1,205; an increase of 46.9%. The average size industrial policy in 1949 was \$186; in 1959 this had increased to \$253, or 36% increase. Total insurance in force per NIA family in 1949 was \$213; in 1959 this was \$302—an increase of 41.7%, Mr. Abner noted.

### Eppert Is Luncheon Speaker

Ray R. Eppert, president Burroughs Corp., was the fellowship luncheon speaker. He said today's business world faces a favorable economic climate, but several economic storms are brewing. The change everywhere is from a producing to a merchandising state. While the United States came into economic greatness as a producing nation (in contrast to some other power that came to greatness through trading), the trend to merchandising must be recognized.

Mr. Eppert said marketing management must, to achieve a new economic break-through, acquire greater powers. Economic illiteracy is the single worst threat facing this country in years to come. One of the freedoms not often discussed is the freedom to fail. Inaction is the surest road to failure.

The association's historian, G. Norman Branche, Federal Life of Washington, D.C., ended his report with a plea for more mergers among member companies. He said such mergers can only lead to increased financial strength and more and greater job opportunities.

J. A. Blaine-Dejoie, People's Life of New Orleans, NIA's actuary, presented an interesting report that further implemented the total picture of NIA. Fifty-four percent of NIA's assets are in U.S. government bonds and securities.

(CONTINUED ON PAGE 21)



## Insurance News Sense Aids In Editing

(CONTINUED FROM PAGE 5)

do more in keeping your readers informed about trends in the business and spot news developments. Maybe you think the insurance newspapers and magazines do such a good job that company publications needn't bother with news outside their own companies, but the fact is that even allowing for multiple readership of papers like ours, only a minority of the more than 400,000 persons in the life insurance business read any kind of insurance newspaper or magazine published by companies such as the National Underwriter Co.

### Large Potential Audience

So it seems to me that you've got a large potential audience for life insurance news in capsule form, provided you have the judgment to sift out what is of top interest and condense it to the size your publication is in a position to handle and your audience will be attracted to.

Of course, you probably realize that I have a sly, underhand motive in making the suggestion I've just offered: I would hope that after your readers got a taste of life insurance news in digest form in your company publications, at least some of them would want to get it more comprehensively by subscribing to THE NATIONAL UNDERWRITER.

### Helps With Publicity Releases

So much for company publications as an insurance medium. How about the need for news judgment in putting out publicity releases? Let's suppose you're issuing a release on a talk made by your president. It's pretty near vital to know what the insurance paper editors will consider worth playing up.

Sure, you can send the entire talk, and sometimes that's the best way. But usually, I'd rather have a condensation or excerpt by a home office publicity man who knows the score than to have to wade through a verbatim copy and pull out what I think our readers will be most interested in. But, of course, when you prepare that kind of condensation, you need to have the same kind of "feel" for news values as the editor you're sending it to has.

### Suppose It's Unusable?

What I've said assumes that the speech contains something an insurance paper would be likely to use. But suppose you've gone over the president's manuscript and you're forced to conclude that no insurance paper editor would be interested in a single line of it. It's all intra-company stuff, or it's generalized and inspirational—material that sounds good but doesn't read good.

Your news judgment tells you to go back to whoever wrote it and diplomatically try to get him to insert a couple of paragraphs on some point of current interest, like maybe association group, or how the company is adjusting to the new federal income tax law, or what he thinks the Treasury will get Congress to do about individual-policy pension trusts. Then you base your release on that. Your president gets a nice play in the insurance papers, and you get credit for getting it for him.

### Used By Company Lawyer

Incidentally, this scheme isn't something theoretical that I just dreamed up for this occasion. Some years ago I complimented a company lawyer on

the interesting and newsworthy passage that I had pulled out of his speech manuscript—which in every other respect was so technical as to be 'way over my head and probably our readers' heads, too.

The lawyer smiled and told me he did this deliberately in his talks, so the trade paper editors would have something they could quote. But wouldn't it have been a smart move for his company's publicity department to have found those passages

and sent them out in a news release?

As far as sales promotion is concerned, I don't know if any of you work at it, and I'm sure I never have, so I'll just say this: Doesn't it seem as if a knowledge of the business should enable anyone to write more convincingly than if he is just relying on what the sales department says is the stuff that should be played up or played down?

Well, if you weren't convinced before of the value of news judgment in your work, I hope you now are. And if you are, you're probably wondering how you can go about acquiring this

kind of judgment—although I suspect you already have more of it than you give yourselves credit for.

### Needn't Be An Expert

So it won't seem so forbidding, let me tell you this encouraging fact: There's no need to become an expert on all phases of the life insurance business—or even on any single phase. You know, if you stop to think about it, that no daily paper editor can possibly be an expert on all the stuff that he passes judgment on. I'm sure I'm not, and neither need you be.

A lot of the "feel" that an insur-

# THE TRUE MEASURE OF LIFE INSURANCE

There are lots of ways of measuring the value of life insurance. In our way of thinking, in the final analysis, the true measure of the social and economic value of all life insurance is the contribution it makes to the individual and to society.

Each year since its founding, an ever-increasing stream of checks has gone out from the Equitable Life of Iowa to its policyholders and their beneficiaries — millions of dollars which have meant financial security for people.

Furthermore, life insurance dollars are hardworking, productive dollars—invested in government, business and industry, public utilities, farms and homes — representing a major contribution to the local, state and national economy.

This, we think, is  
the true measure of life insurance.

*Equitable* LIFE INSURANCE COMPANY OF IOWA

FOUNDED 1867—DES MOINES

ance editor gets for the news is from reading, but, more importantly, from talking with sources of information who are likely to be hep to the latest developments in their respective specialties.

#### Will Know Sooner

This talking helps in two ways: If anything hot is happening, these sources are likely to know about it sooner than most others in the business, sometimes because it's part of their jobs and other times because they're the sort of people that news

seems to funnel in to, while others, probably just as capable in their jobs, never seem to hear anything interesting.

The other way these hep news sources can help is that if they think a certain news development is interesting, the chances are that probably many other people will think so too—though perhaps not until after we have explained the significance in our news coverage. So by talking to these knowledgeable people, we get both information and a basis for appraising its reader interest.

But reading and asking and listening aren't enough, by themselves, to develop a sense or feel for news values. I think the first thing to do is to make up your mind that the life insurance world is a fascinating arena, where there is plenty of that challenge and response that the historian Arnold Toynbee writes about. But keep your objectiveness. Don't be so enthusiastic or so dismayed at what you see that you can't observe and report on it with an open mind.

Because no matter how plausible a man's story may seem, you have to

keep remembering, even as you politely registering wide-eyed credulity at what he's telling you, that there's another side. Maybe the other side is better than his—maybe not. But you need to get them both to be sure of having the full story.

#### Problem-Solving Makes News

The Toynbee concept of challenge and response—or problem-solving, to be less fancy about it—is behind the most interesting news of the life insurance business. There's challenge in lapse rates, in jumbo group, office expenses, recruiting, proselyting, twining, prospecting, approaching, closing—and the response or lack of it is what makes most of our news, other than the purely routine stuff that is news only in the most routine sense.

I think it's the desire to understand what's going on—not just to know what is happening—that develops news judgment. Call it curiosity, but not in the idle sense. More of a creative curiosity, if there can be such a thing. This means that if you want to sharpen up your creative curiosity you need not only to read and listen but reflect.

#### Insurance Papers Best Sources

For the reading, you have the insurance newspapers and magazines. For the talking part, you have experts right in your own company whom you can talk to, in the home office and in the field. Get them to tell you about their problems and how they are meeting them. You have easy access to home office people, of course, but in the field it's more difficult, though you have a chance to talk with field men when they come to the home office or when you see them at company conventions.

How to develop news judgment through reflecting is a more elusive matter. You have to reflect on what you've picked up through reading, questioning and listening. What—your opinion—do all these things mean? What facts have you and what inferences can logically be drawn from them? Are you being careful to distinguish between facts and opinions? Have you taken all available data into account?

#### Judgment Needs Practice

News judgment comes only with practice in making news decisions, so don't be afraid to make them, even though you feel they may not be 100% right. After all, whose are? And don't worry if your news judgments are different from those of other company publication editors and insurance newspaper editors. After all, even the full-time, professional seasoned insurance newspaper editors don't always agree on the importance of a given news happening.

All these suggestions I've offered mean work, no question about it. It's a lot easier to write your company publication material along the same lines that have been followed since the beginning. But I can't think of a better cure for that occasional fenced-in feeling than editing your publication with an eye to the significant developments in the insurance world. It certainly should make your job more interesting and satisfying—and perhaps more rewarding financially.

#### State Farm Life Has Gains

State Farm Life's ordinary in force at the end of the first six months of 1960 totaled \$1,554,026,976. Paid for business for the same period was \$150,433,828, representing a 1.7% gain over the same period last year.



## no door is barred to Professional Competence

To learn anything so well that others seek your services and counsel, insures your progress and status in your chosen occupation.

The professional competence symbolized by the C.L.U. Key is respected and encouraged at American United. Experience has taught us that earning and learning go hand in hand in selling insurance. We accordingly provide substantial assistance for our associates who wish to qualify for the Chartered Life Underwriter designation.

We consider this an important part of American United's "Partnership Philosophy."



AMERICAN UNITED LIFE INSURANCE COMPANY • HOME OFFICE: INDIANAPOLIS, INDIANA

ALL ORDINARY LIFE FORMS • FLEXIBLE OPTIONS • LOW NET COST SPECIALS • BUSINESS LIFE INSURANCE • KEY MAN • PARTNERSHIP • ANNUITIES • UNIQUE JUVENILE • GROUP LIFE • GROUP CREDIT INSURANCE • GROUP MORTGAGE INSURANCE • GROUP RETIREMENT • PENSION TRUSTS • NON-CANCELABLE DISABILITY INCOME • GUARANTEED RENEWABLE MAJOR MEDICAL • GUARANTEED RENEWABLE HOSPITAL & SURGICAL • SPECIALISTS IN SUBSTANDARD UNDERWRITING AND REINSURANCE



## BELIEVE ME... You Need All THREE

### Mr. Agency Builder:

You should be making *all* those commission dollars that go with selling *complete* coverage to your clients:

1. Life—Par  
and Non-Par.
2. A & S and  
Hospitalization
3. Group Life  
and Group A & S

### AND, BELIEVE ME, YOU NEED ALL THREE A & S COVERAGES:

1. Non-Cancellable
2. Guaranteed Renewable
3. Renewable-at-  
option-of-Company

### AND THEN ADD THESE THREE . . .

- 1) Top-Commission  
Agent's Contract;
- 2) Well-balanced  
General Agent's  
Contract providing  
liberal overwriting,  
liberal expense  
allowance, and higher  
life-time compensation  
in service fees;
- 3) New Induction  
Program—completely  
flexible for new agents,  
established producers,  
and brokers alike;

... and in our book that totals up to a client-pleasing, money-making, Agency Building opportunity for you—right now—with . . .

**THE OHIO STATE LIFE**  
*Insurance Company*  
COLUMBUS 15, OHIO

**GENERAL AGENT OPPORTUNITIES**  
Write, Wire, Phone  
FREDERICK E. JONES, President  
HOWARD W. KRAFT, Vice President  
and Director of Agencies

## Policyholders Relation Programs Discussed

(CONTINUED FROM PAGE 1)

services of the "independent insurance counselor."

Also the inside front cover, inside back cover and outside back cover relate to insurance, and the subscriber's agency imprint appears on both the inside front and inside back cover.

To determine acceptance of the magazine, subscribing agents sometimes send out questionnaires. Answers have been spectacularly favorable to the Record. In not a single instance has a customer said, "take me off your distribution list." The latest to make a mail survey was the progressive Chatten & Childs agency of Hanford, Cal. Chatten & Childs sent queries to its mailing list and received a 70% return. In every case, the customer wanted to be kept on the Record list. Nearly all said they read the Record regularly, and a great many said they place the Record in a handy place for customer reading.

This, will convey some idea of reader reaction. And when you consider that the producer pays only 10 cents a copy (he must order in multiples of 25), you can see that the Record is truly an inexpensive investment in good policyholder relations.

### LINCOLN NATIONAL LIFE

Approximately two years ago, we instituted the practice of mailing a small booklet to policyholders along with the regular premium notices. These booklets are mailed once, twice or four times a year, depending upon the mode of premium payment.

We have sponsored in each of the last two years the NBC television show "Meet Mr. Lincoln."

Perhaps some special reference should also be made to the work which is being done in the field of Lincolniana by Dr. R. Gerald McMurtry, director of the Lincoln Life Foundation, and by his immediate predecessor, Dr. Louis H. Warren, director emeritus.

### EQUITABLE SOCIETY

Each new policyholder receives a letter of welcome from the president.

A specially trained correspondence division is maintained to answer accurately and promptly, any questions raised by a policyholder or beneficiary.

Our claims department maintains a missing policyholders division whose purpose is to keep records from becoming lost and to make a constant effort to locate missing policyholders and beneficiaries.

Our 58 cashiers and policyholders service sections throughout the U. S. have specially trained personnel available to serve the best interest of the policyholder.

### Annual Report Available

Each year the society offers policyholders the opportunity to request a copy of our annual report.

From time to time, policyholders receive with their premium notice, folders of a public service nature or facts about the Equitable.

The messages carried in our magazine, newspaper, and television advertising can also be considered a public relations activity.

There are many services of public relations performed locally by the agent, among them, the distribution of good-will builders, such as calendars, birthday and Christmas greeting cards, golf balls, mechanical pencils, lighters, file clips, etc.



# out in front

A Bankerslifeman is our contact with the public. The impression he creates is a reflection upon himself . . . our Company . . . and the entire insurance industry. He is truly the man who is "out in front."

This is why we carefully choose and thoroughly train every Bankerslifeman. He is taught to take a professional view of his work—service becomes his watchword. He is given a thorough knowledge of life insurance and its many uses so he may have both the desire and the skill to give competent counsel and service.

A Bankerslifeman knows he is "out in front" in another way—he knows his Company is one of the true pioneers in developing new ideas to fit the changing needs of the public. He is proud to say he was the first to carry the now popular *Guaranteed Purchase Option* and the *Wife Protection Rider* in his brief case.

**BANKERS *Life* COMPANY**  
DES MOINES, IOWA

## LOANS

A General Agent or Agent can easily have from \$2,000 to \$100,000... in a lump sum...at low bank interest rates...on his vested renewals through our exclusive, dignified, confidential service...

- For additional working capital
- For business expansion
- To pay off indebtedness...protect your credit
- For personal needs...home purchase, home remodeling, etc.

For complete, confidential information on this exclusive service, please call or write...  
**RENEWAL GUARANTY CORPORATION**

2323 First National Bank Bldg. • Denver 2, Colorado • TAbor 5-2254

**RENEWAL GUARANTY CORPORATION**

2323 First National Bank Bldg., Denver 2, Colo.

Gentlemen: Please send me complete, confidential details on your exclusive service. I understand I am NOT obligated in any way.

☐ AGENT

☐ GENERAL AGENT

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Zone \_\_\_\_\_

State \_\_\_\_\_

"Largest Specialized  
Financing Service for  
Life Underwriters"



JOHN H. WEBER  
PRESIDENT

Member: National Assn.  
of Life Underwriters



## Johnson Discusses Variable Annuities

(CONTINUED FROM PAGE 11)  
arrangement is merely a means of distributing mutual fund shares, they are simply and solely investments, since the speculative motive is paramount," he observes.

### More Like Mutual Funds

"What the investor seeks is much more akin to what the holder of mutual fund shares buys than what the holder of a life insurance policy bargains for. The actuarial features are no more complicated than for any pen-

sion trust, retirement system, individual annuity, deferred compensation plan, or annuity furnished under a will. The mortality table is merely used to relate the amount of the annuity to the value; it is not used to determine or assure solvency. There is no need for an actuarial department.

"There is little difference between this arrangement and one where benefits are furnished for the life of a person in terms of wheat, meals, room occupancy or service. Any of these

arrangements may involve periodic payments throughout a person's lifetime, but any attempt to classify them all as insurance would lead the insurance commissioners far astray.

### Offers Hypothetical Case

"Consider this hypothetical case: Six farmers decide to pool their lands and an agreement is reached whereby a yearly payment for life of 1,000 bushels of wheat of a 'good quality' plus one-twelfth of the net proceeds of the pooled lands are made to each farmer and the remaining six-twelfths of the

net is to be reinvested in the development of the farm.

"Is this an insurance arrangement? It provides for a 'merging of mortality' It provides for periodic payments measured by the life of a person, but this arrangement insurance? How would the insurance commissioner determine what is wheat of 'good quality'? How would he attempt to measure the adequacy of the reserve? Would such a test depend upon the fertility of the land or on the current federal laws regarding wheat quotas?

### Would Shun Stretching Jurisdiction

"I think most insurance commissioners would agree that they have enough to do dealing with their current problems without attempting to stretch their jurisdiction to cover such extreme cases. They may well decide that they will not attempt to regulate variable annuities in the absence of insurance elements at least to the extent of the two District of Columbia companies (Variable Annuity Life and Equity Annuity Life) involved in the recent Supreme Court decision (that these companies are subject to SEC regulation).

"Illustrations such as the one above may seem far fetched, but once the customary markers are left behind, the field seems wide open. Certainly state legislatures and insurance commissioners ought to weigh carefully the advisability of a step fraught with such practical difficulties where no worth-while public benefit is discernible."

## Marsh & McLennan Sets Up Separate Welfare Fund Unit

A new corporation, Blomquist Reeves & Co., with headquarters in Chicago, has been formed in cooperation with Marsh & McLennan as an administrative and consulting service to the trustees of joint union-employer health, welfare and pension funds. It has taken over the accounts in this field formerly handled by the welfare fund department of Marsh & McLennan, a department which has been discontinued with the advent of the new firm.

Employees of the Marsh & McLennan welfare department have become employees of Blomquist, Reeves & Co. Richard N. Blomquist, president of Blomquist, Reeves, has directed this activity for Marsh & McLennan for six years. Gilbert K. Reeves, vice-president and treasurer, manages the pension, health and welfare funds. He has been with Marsh & McLennan for six years. Prior to that he was with Arthur Andersen & Co., CPAs.

### Oklahoma Agents Elect Woman

Oklahoma Assn. of Life Underwriters has elected Bessie S. Bennett, Phoenix Mutual, Tulsa, president. Dean Calavan, Jefferson Standard, Tulsa, was named 1st vice-president; Donald V. Roller, Massachusetts Mutual, Oklahoma City, 2nd vice-president; Joseph Dean, Connecticut Mutual, Oklahoma City, 3rd vice-president, and Charles S. Caldwell, Life of Virginia, national committeeman. The association believes their new president is the second woman ever to be elected president of a state association.

Intercoast Mutual Life of Sacramento is now offering optional \$400 surgical benefits, and accidental death and dismemberment for both applicant and spouse with its Ward Rate hospital-medical-surgical plan.



"J. B. never did get around  
to planning his retirement."

How many of your clients *talk* about providing for retirement, but never seem to get around to *doing* much about it? Perhaps you can turn their procrastination into decisive action by using a Great-West Life annuity contract as the basis of your proposal. The very favorable rates and other advantages of Great-West's annuities have helped many a broker hear "yes" instead of "no" or "not just now".

For more information on Great-West's experience-backed, flexible and extensive annuity portfolio, contact one of Great-West's thirty-two branches in the United States.

THE  
**GREAT-WEST LIFE**  
ASSURANCE COMPANY  
HEAD OFFICE - WINNIPEG, CANADA

## NIA Draws 475 To Detroit For Annual; Virgil Harris Elected

(CONTINUED FROM PAGE 16)

ties of business and industry, he said. Mortgage loans comprise some 28% of this total.

Of benefits paid to NIA policyholders, death benefits make up the largest percentage—33.5%—followed by A&S benefits, 28.9%; surrender values, 24.3%; matured endowments, 12.9%, and disability benefits, 4%. Percentage distribution of income received shows income from premiums, 87.5%, and income from investments and miscellaneous income, 12.5%.

Mr. Blaine-Dejoie said that while only 35 out of 53 member companies responded to this year's questionnaire, these alone had a total payroll of \$40 million and were employing 16,000 people. He said this information should be used in the companies' advertising, since this \$40 million added to the \$24 million paid out in benefits indicates that NIA companies are not only providing protection, but also employment, better homes and a continuous flow of wealth into the nation's economy.

Among the social events were a reception and dance sponsored by Victory Mutual Life of Chicago and Chicago Metropolitan Mutual, and another reception sponsored by Detroit Metropolitan Assurance, Great Lakes Mutual Life of Detroit, and Wright Mutual of Detroit.

Exhibitors at the convention included American Tobacco, Continental Calendar, Graphic Press, IBM Corp., McKissack & McKissack, Quality Printing, Pepsi-Cola and Remington Rand.

## Larry Sims Appointed To Institute Publicity Post

NEW YORK—Lawrence E. Sims, former assistant manager of public relations of National Assn. of Broadcasters, has been appointed to the newly created post of staff writer of the press bureau of Institute of Life Insurance. Mr. Sims will be at the institute's headquarters in New York City.

Many news articles have appeared under the Larry Sims by-line in the New York Herald Tribune and the Rochester (N.Y.) Times Union, where he was a reporter. Prior to joining National Assn. of Broadcasters in 1958 he was a news writer with National Broadcasters Assn.

Seaboard Life of Miami has been licensed in Oregon and is now licensed in 16 states.

## Uninsurables A Vanishing Breed Says Life Insurance Institute

"The uninsurables" are a rapidly diminishing group, according to Institute of Life Insurance, which estimates that only 3 out of every 100 applications for ordinary life insurance are not accepted by reason of the applicant's health, occupation, habits or family medical history. Moreover, the ratio of those accepted increases when the large numbers of group and industrial policies are included.

An estimated 600,000 ordinary policies for more than \$3 billion were issued last year to persons who would have been turned down for life insurance 50 years ago, when far more rigid standards resulted in three to four times as many policy applications being declined, the institute said.

### 10 Times Normal Risks Acceptable

"Some companies have recently announced that they will accept policy applicants with impairments representing 10 times the normal risk," the institute reported. "Prior to this, the insurability maximum had been five times the standard. At the same time most companies have liberalized their occupational consideration to the point that only one job classification remains totally uninsurable, experimental jet aircraft pilots."

Moral risks continue to be considered on an individual basis, but as a group, convicted criminals or racketeers are uninsurable.

Readjustment of medical standards by life companies has, for example, opened up insurability, depending on individual considerations, to millions of diabetics, those with certain heart impairments and practically all expectant mothers.

### Heart Disease And Insurability

Further advances in medical underwriting enable some persons who have had a coronary occlusion to qualify for life insurance one year after the attack, although they were once considered uninsurable. However, heart disease remains the major reason for uninsurability, accounting for more than one-half of annual rejections of all types.

Persons who have been successfully treated for cancer are accepted, in some cases, for life insurance four years later, a one year reduction over the recent waiting period. Applicants with a past history of tuberculosis now arrested, also at one time regarded as uninsurable, are today accepted at extra rates and in some cases at standard rates.

Today, a fraction of 1% of life insurance applicants are turned down because of their hazardous occupations and the list of jobs in the extra-risk classification is dwindling rapidly.

"The great improvements in industrial safety and preventive medicine have all but removed occupations as a main factor in determining insurability," said the institute. "It is predicted by some underwriters that within five years times, the hazardous job classification will no longer be a consideration and with all other factors favorable, life insurance will be issued at standard rates."

### Mutual Service Reports Gains

Mutual Service Life of St. Paul reported a 12.2% gain in ordinary life for the first six months. Total in force now stands at \$319 million. Affiliated Mutual Service Casualty had a six-month increase in premium volume of 8.1% to \$8,858,000.

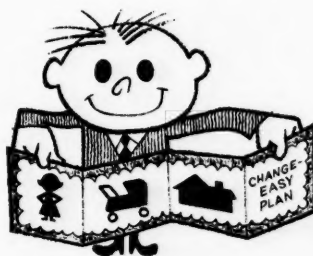
## Brooklyn College's Arthur Seord On NALU Luncheon Program

WASHINGTON, D.C.—Arthur Seord, director of community services at Brooklyn College, will be the speaker at the NALU luncheon, Monday, during NALU's annual convention here, Sept. 11-16.

NALU's committee of women underwriters, whose chairman is Hedwig Eichenberg, Kansas City Life, Kansas City, sponsors the luncheon for all convention registrants and guests.

The luncheon will be one of the early features of the week-long convention. The Monday program will get under way with a breakfast at 8 a.m., which will be followed by NALU committee meetings at 9:15 a.m. Committee meetings will start again at 2 p.m. Evening activities include the Women Leaders Round Table at 7:30 p.m. and the association workshop at 8:30 p.m.

State Mutual Life has been certified to write individual life, A&S, and group lines by the dominion government in Canada.



Because it makes sense!

That's why so many buyers choose Occidental's Change-Easy plan of one-policy programs, put together rider-by-rider as needs change and grow. The contrast below tells the story:

#### WITH CHANGE-EASY

1. One flexible policy usually does the trick.
2. New needs covered by additions to base policy.
3. One premium date.
4. One agent — you.
5. One company, one billing.

#### WITHOUT CHANGE-EASY

1. Patchwork of policies often results.
2. Another new policy for each new need.
3. Scattered premium dates.
4. Often several agents.
5. Multiple companies, multiple billings.

Best of all, *the cost!* One Change-Easy policy usually costs less than multiple policies covering the same needs, thanks to Occidental's plan of true premium grading.

Any way you measure it—by cost, convenience or coverage—the Change-Easy way of buying life insurance makes sense—and clientele.

## OCCIDENTAL LIFE

Insurance Company of California

Home Office: Los Angeles/W. B. Stannard, Senior Vice President

(A MEMBER OF THE TRANSAMERICA INSURANCE GROUP)

We pay Lifetime Renewals... they last as long as you do!

LIFE

ACCIDENT • HEALTH

HOSPITALIZATION

GROUP

Over \$1,350,000,000 Insurance In Force

Over \$240,000,000 In Assets

GENERAL AGENTS and BROKERAGE BUSINESS WELCOMED

**Southland Life**  
Insurance Company

Home Office: Dallas, Texas



## Home Office Changes

### Northwestern National

W. J. Ramey, formerly head of University of Seattle's marketing department, has been named director of market research.

J. C. Anderson, policyholders' service department manager since 1955, has been appointed agency secretary. He is succeeded by J. V. Jensen, agency

accounting manager. A. L. Johnson replaces Mr. Jensen.

### Life Of North America

G. A. Reynolds, former associate actuary with Penn Mutual Life, has been elected assistant vice-president, group department. He has been with Great-West Life in Winnipeg and with

Travelers as assistant actuary and assistant secretary, group. He is a fellow of the Society of Actuaries.

### Berkshire Life

R. H. Wilkinson, associate general counsel, has been elected general counsel, and A. C. Cornelio, attorney, was elected counsel.

### Aetna Life

J. A. Hill, senior vice-president since 1958, has been elected a director. Prior to 1958, he was general agent at To-

ledo for 20 years. He is a life member of Million Dollar Round Table and director of Aetna Life's newly acquired affiliate, Excelsior Life of Toronto. Besides becoming a director of Aetna Life, he was also elected a director of Aetna Casualty & Surety and of Standard Fire.

I. J. Sitkin, superintendent of machine accounting, has been appointed assistant secretary, accounts department of Aetna Life, Aetna Casualty Surety and of Standard Fire.

### Kansas City Life

Mrs. Ada M. Wright has retired after 47 years with the company. She has been supervisor of the income settlement department since 1947 and was issue department supervisor from 1924 to 1947. She joined the company when she was 17 years old.

### Union Central Life

W. L. Lingle Jr., executive vice president, has been named a director filling a vacancy created by the retirement of C. W. Dupuis, Cincinnati banker, who was named director emeritus.

### Cal.-Western States

G. C. Miller has been named director of training; J. E. Wight superintendent of northwest area agencies; and J. C. Lillard superintendent of southern California agencies.

### Metropolitan Life

A. H. Brawner has been elected director. He is chairman of W. P. Fuller & Co., San Francisco, and a director of Fireman's Fund.

### Old Republic Life

D. E. Ketchmark has been named sales administrator for the midwest credit life division. He was formerly group department supervisor for Illinois Mutual L.&C.

### John Hancock

H. R. Baker Jr., associate counsel, has been promoted to counsel. He is member of the committee on advertising rules of Health Insurance Association.

### Provident Life & Accident

H. C. Hanlin, associate actuary, has been promoted to actuary. He is a fellow of Society of Actuaries and past president of Southeastern Actuarial Club.

### American United Life

A. G. Tuthill has been appointed assistant superintendent of agencies. He has been with Fidelity Mutual of Philadelphia since 1922, most recently as associate manager of agencies.

### Manhattan Life

M. A. Frey, who organized the policy change division of the business department, has been appointed assistant secretary and manager of the division.

### Northeastern Life

N. H. Tarnoff, regional superintendent of agencies, has been promoted to director of agencies. He has been general agent for Empire State Mutual at New York and for State Mutual

... what's your reason?

YOU can probably think of many reasons for not embarking on the C.L.U. study program this fall. One of the best is "lack of time." Then there's the effort it takes in keeping up with assignments each week and the work of reviewing for examinations. Besides, you've probably heard somewhere that the C.L.U. program has more to do with such theoretical things as economics than it has to with such practical things as salesmanship.

But wait a minute. It's not just happenstance that a significant number of almost any life company's top producers are C.L.U.'s.

And the reason is this: The C.L.U. program stresses the concept of professional service to the life insurance-buying public. And in preparing men to render such service, it provides them with the background and knowledge to use life insurance creatively in serving their client's interests. Salesmanship is important—there's no question about that. But creative selling, fortified with professional standards, produces bigger and better results.

If you don't plan to enroll in the C.L.U. study program this fall, make sure you've got a reason—not an excuse.

**N/W NATIONAL**  
*Life Insurance for Living*



NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY OF MINNEAPOLIS

## Service Guide

CONFIDENTIAL NEGOTIATIONS FOR  
SALE OF INSURANCE COMPANIES

**Ralph F. Colton**

30 N. LaSalle St. Chicago 2, Ill.  
Financial 6-9792

August 13, 1958  
Life in W  
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Life in White Plains, N.Y. He is past president of Westchester Life Underwriters Assn.

### W.O.W., Omaha

B. L. Hall, with the society since 1952, has been named field secretary.

**FIDELITY BANKERS LIFE** has appointed D. D. Hulbert superintendent of agencies for the southern division. He has been director of agencies of Pyramid Life.

**GREAT EASTERN LIFE** has elected W. J. Jantzen, regional vice-president of the Chemical Bank New York Trust Co., a director.

**FRANCIS MARION LIFE** has appointed R. L. Kelly head of the investment and mortgage loan departments. He has been commissioner of the South Carolina department.

**HAMILTON LIFE** has elected Joseph Lilly a director. He is a senior partner of Joseph Lilly Associates, New York public relations firm.

**WESTERN EMPIRE LIFE** of Denver has elected G. S. Ashley Jr. president and a director. He has been vice-president of H. B. A. Life of Phoenix.

**GENERAL LIFE** of Wisconsin has named R. J. Schillinglaw vice-president and agencies director.

**WESTERN RESERVE LIFE** of Cleveland has elected J. F. Robinson marketing vice-president.

**WEST COAST LIFE** has appointed Alexander Marshall associate actuary.

Mrs. Margaret Brand Smith has been elected president of **UNION BANKERS** of Dallas to succeed James H. Perry, who has resigned for health reasons. Mrs. Smith has been executive vice-president and is president of General Insurance Investment Co. which acquired control of Union Bankers in 1958. As of Aug. 1, Union Bankers absorbed all of the A&H business of Reliance National Life of Salt Lake City.

William McGinty has been elected acting president of **AMERICAN PUBLIC LIFE** of Indianapolis. Other new officers are: Executive vice-president, Norbert Eckerle; vice-president, Charles E. Dunlap, and agency director, H. D. McGee. Messrs. Dunlap and McGee have been with International Bankers Life of Fort Worth.

### Mutual Benefit Life Has Group Major Medical Plan

Major medical coverage for groups of 10 or more employees as a supplement to group Blue Cross and Blue Shield plans, has been made available by Mutual Benefit Life. A series of standard major medical plans is offered for groups of 10 to 50 lives and for groups of 50 or more lives.

**Columbus (O.) CLU Chapter Elects**  
Columbus, O., CLU chapter has elected Gerald A. B. Woodley, Home Life, president; Frederick A. Exline, Connecticut General, and John C. Winter, Occidental of California, vice-presidents; Duane E. Guerin, Manufacturers Life, secretary-treasurer, and Burton C. Holmes, Aetna Life, director.

**Equitable Reserve Assn., Neenah, Wis.**, has a new dividend schedule under which its distribution of surplus by dividends will be the largest ever. Also, the association has increased interest on dividends and policy proceeds left on deposit to 3½%, and on advance premium deposits to 3%.

## Field Changes

### Connecticut General Life

T. J. Tighe, special group representative at New York, has been appointed assistant district group manager at Cleveland, to succeed R. E. Pape, who is advanced to district group manager there.

T. R. Haddock, assistant group manager at Hartsdale, N. Y., has been named group manager at Atlanta.

F. J. Schneider Jr., special group representative at Kansas City, has been appointed assistant district group manager there.

J. F. Devlin, formerly with the field group staff at Boston, has been appointed group pension representative at Pittsburgh.

### Guardian Life

D. H. Burns, who has been with Aetna Life, and J. V. Shafer, associate manager at Milwaukee, have been named managers at Columbia, S. C., and Detroit, respectively.

S. L. Gunter Jr., who joined Guardian in 1959, has been appointed supervisor in Wheeling, W. Va.

### Franklin Life

M. E. Cook Jr., formerly with John Hancock, has been appointed regional manager at Omaha.

J. L. Rowe, formerly with Equitable Society, has been named general agent at Miami.

J. S. Keyes Jr., formerly with Prudential, has been appointed general agent at Galveston, Tex.

### Union Mutual Life

M. V. Terrill, who has been in personal production at Grand Rapids, Mich., and before that was assistant manager, has been appointed manager there. He is president of the Tri-Cities Life Underwriters Assn.

### Cal.-Western States

W. D. Daniels has been named manager of the Sacramento agency, succeeding E. E. Noyes who retired last month after 16 years there.

### Northwestern National

F. R. Wiklund, supervisor at the home office, has been appointed manager of a new district agency at Fari-bault, Minn.

### State Mutual Life

J. W. Hartman, assistant manager at Manchester, N. H., has been promoted to manager there. He is a former director of Burlington (Vt.) Life Underwriters Assn.

### Provident Life & Accident

R. L. Richey has been appointed division manager for the Georgia group department, with headquarters at Atlanta.

### Security Mutual, Neb.

DeVerl Watson has opened general agency offices at Salt Lake City. For the past two years he has been field supervisor in the home office for an area of 13 midwest and northwestern states.

### Bankers Life Of Iowa

W. D. Kilgore has been named a group representative at the Dallas office.

### Connecticut Mutual Life

G. W. Jackson, supervisor at Indianapolis, has been appointed general

agent there, to succeed C. C. Jones, who has retired. Mr. Jackson is a life member of Million Dollar Round Table and has been president of Indiana Life Insurance Leaders Club, and treasurer and a director of Indianapolis Life Underwriters Assn.

### Lincoln National Life

B. B. Altman has been appointed to a supervisory post with the King agency of Charlotte, N. C.

H. T. Reichenbach and R. B. Toft have been named regional group managers in Washington, D. C. and Chicago, respectively.

### Equitable Life

J. E. Croul Jr., agent at Anchorage, has been appointed manager there of the company's first Alaska branch office. Besides being an Equitable agent, he was manager of personnel and public relations for Federal Electric Co.

### Paul Revere-Mass. Protective

T. K. Clyde, home office group representative at Albuquerque, has been named regional group manager of a new office at Dallas. He has been with Franklin Life.

V. M. Becker, supervisor at Roches-

ter, N. Y., has been named training supervisor for the eastern region. He has also been with Prudential.

### Life & Casualty

J. M. Williamson and J. E. Nicholson, staff managers at Greensboro and Asheville, N. C., respectively, have been appointed managers at Washington, D. C., and Charleston, S. C., respectively.

### Manufacturers Life

Gene Clark, supervisor at Los Angeles, has been appointed manager in Hawaii, to succeed W. Needham-Clark, who filled the post temporarily since January.

### Postal Life

The Conrad E. Michaels agency, also known as the Insurance Advisory Council, has been appointed general agent at Philadelphia, with Henry Levine as brokerage supervisor. Mr. Levine has been with Guardian Life.

### General American Life

R. F. Schnatmeier has been promoted to assistant district group manager at Atlanta.

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## Editorial Comment

### Policyholder Relations Programs

A series of articles on policyholders relations has been running in recent weeks in THE NATIONAL UNDERWRITER. The response to the questionnaire sent out has varied widely. Many companies have made no answer at all; some have overlooked their own long-standing programs, saying that they had no policyholder relations activities.

There seem to be a few routine things that nearly every company does to give its policyholders a sense of identity with or gratitude toward the insurer. Annual statements, advice, a search for "missing" policyholders, lists of claims offices, all go out to the customer from time to time. Beyond that there are a few companies that find time to attack the subject with vigor and imagination. These programs earn for the companies reputations for responsiveness and market-mindedness that any company in any industry would be proud of.

Perhaps the wonderful reputation of life insurance makes it unnecessary for an insurer to encourage in its customers a sense of a community of purposes with the company. Perhaps the agency system makes a centralized drive by the home office superfluous. But perhaps what was good enough policyholder relations for the last decade may not be good enough for the next. Eventually companies that care about their customers may find themselves in more enviable positions than those companies that do not.

One of the difficulties in deciding what is a good idea and what is a bad one is the obscurity of policyholders' wishes. For instance, various companies have included in their market research efforts questions about the worth of the company publication or its program of premium notice inserts. Some companies have found an enthusiastic response. Others contend that such material is called "garbage" by clients. Some companies are justly proud of their regional meetings. Others—which do not have such programs—say they're a waste of time and energy.

The main trouble with public relations or policyholder relations programs is that no one seems to be able to assess the results in relation to

other productive activities. Once in a while, however, dramatic results can be clearly seen. Mutual of New York's program of tabulation and quick response to complaints represented hard work for the people involved. But in a year or so an average of 900 complaints a month went down to about 35 complaints per month.

This particular program had important secondary effects. By developing a system of lines of responsibility and of many reports from various departments to the president, the company developed a sense of the policyholder mind, and programs were evaluated in relation to what their effect on customers would be. Special areas of activity where dissatisfactions existed were carefully revised. Warnings were sent out in advance of changes in procedures. Everyone became aware of public implications of company policy.

Mutual of New York is just one company of many with excellent policyholder relations programs. But the "before-and-after" pictures there are unusually sharp.

The alternatives here are clear—the policyholder can tell fairly soon whether he is being treated as a valued customer or a petty annoyance. Presumably the companies that show themselves sensitive to policyholder demands will profit materially from this quality.—J. H.

## Personals

**Frederick A. Schnell**, 2nd vice-president of the Los Angeles regional home office of Prudential, has been elected chairman of the Los Angeles chapter of American Red Cross. He has headed Red Cross fund-raising campaigns for two years.

**William A. Marbury Jr.**, president of Bankers Life of Louisiana, has been appointed by Gov. Davis to the Louisiana Board of Commerce & Industry.

**Ralph E. Kiplinger**, president of Guarantee Mutual Life, has been elected president of the Omaha Chamber of Commerce.

## Deaths

**ROBERT L. BLOCK**, 60, vice-president of North American Life, A&H, died of a heart attack. He had been with the company since 1952.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co  
135 S. La Salle St., Chicago, Aug 9, 1956

Aetna Life	84½	86½
American General	32½	34½
Beneficial Standard	14½	15½
Business Men's Assurance	42	44
Cal-Western States	51	53
Commonwealth Life	17½	18½
Connecticut General	353	359
Continental Assurance	137	140
Franklin Life	73	75
Great Southern Life	68	72
Gulf Life	18	19
Jefferson Standard	39	41
Liberty National Life	57	59
Life & Casualty	16½	17½
Life of Virginia	47½	49
Lincoln National Life	217	222
National L. & A.	104	106
North American, Ill.	12½	13½
Ohio State Life	42	44
Old Line Life	60	65
Old Republic Life	19½	21
Republic National Life	36½	38½
Southland Life	88	92
Southwestern Life	52½	55
Travelers	86	87½
United, Ill.	32½	33½
U. S. Life	37	38
Washington National	46½	48
Wisconsin National Life	30	32½

### Donald E. Lynch Leaves Mutual Benefit Life; To Head PR Association

Donald E. Lynch, public relations director of Mutual Benefit Life, has resigned from that post effective Sept. 2 to become executive director of the Public Relations Society of America, Inc. He will succeed Shirley D. Smith.

Mr. Lynch entered public relations work in 1946 with LIAMA, where he established the public relations department. He joined Mutual Benefit in 1953.

In 1956 he was the director of the first public relations seminar for life companies, held at Princeton, N. J. He edited a book in 1958 entitled "Public Relations for Life Insurance Com-



Donald E. Lynch

panies," and is a contributing editor of "Handbook of Public Relations," recently published by McGraw-Hill. He has served as chairman of the Eastern Round Table of the Life Advertising Assn. and is a member of the executive committee of LAA.

### Gregg To Be Speaker At LAA Annual Meeting

Davis W. Gregg, president of American College, will be one of the speakers at the annual meeting of Life Insurance Advertisers Assn. in New York, Sept. 21-23. Mr. Gregg will share the spotlight with other previously announced speakers from the life insurance business, who will discuss "The World We Work In," one of the two themes of the meeting.

The other theme, "The World We Live In," will be covered by a group of educators, all of whom have been mentioned in previous announcements of the meeting program.

The program will also include an advertising exhibit, public relations and sales promotion materials, as well as a seminar on audio-visual selling.

### New Florida Handbook Published

A new Underwriters Handbook of Florida has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Florida handbook may be obtained from the National Underwriter Company at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50.

## Conventions

August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.

August 24-27, Federation of Insurance Counsel, annual, Bellevue-Stratford Hotel, Philadelphia.

Sept. 11-16, National Assn. of Life Underwriters, annual, Statler & Mayflower Hotel, Washington, D. C.

Sept. 18-21, International Claim Assn., annual, Whiteface Inn, Whiteface, N. Y.

Sept. 21-23, Life Insurance Advertisers Assn., annual, Essex House, New York.

Sept. 26, Fraternal Actuarial Assn., annual, Queen Elizabeth Hotel, Montreal, Canada.

Sept. 26-28, National Fraternal Congress, annual, Queen Elizabeth Hotel, Montreal, Canada.

Sept. 26-28, Life Office Management Assn., annual, Royal York Hotel, Toronto, Canada.

Sept. 28-30, Society of Actuaries, annual, Edgewater Beach Hotel, Chicago.

Sept. 14-16, Society of Chartered Property & Casualty Underwriters, annual, Statler Hotel, Detroit.

Oct. 10-11, Conference of Actuaries in Public Practice, annual, Sheraton-Blackstone Hotel, Chicago.

Oct. 10-14, American Life Convention, annual, Edgewater Beach Hotel, Chicago.

Oct. 27-29, Midwest Management Conference, annual, French Lick, Indiana.

Nov. 2-4, Institute of Home Office Underwriters, annual, Statler Hotel, Washington, D. C.

Nov. 14-17, Life Insurance Agency Management Assn., annual, Edgewater Beach Hotel, Chicago.

Nov. 28-Dec. 2, National Assn. of Insurance Commissioners, regular meeting, Commodore Hotel, New York.

Dec. 12-13, Assn. of Life Insurance Counsel, annual, Waldorf-Astoria Hotel, New York.

Dec. 13, Institute of Life Insurance, annual, Waldorf-Astoria Hotel, New York.

Dec. 14-15, Life Insurance Assn., Waldorf-Astoria Hotel, New York.

Dec. 28-30, American Assn. of University Teachers of Insurance, annual, St. Louis.

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The National Weekly Newspaper  
of Life and A&S Insurance



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## U. Of Wis. To Sponsor Symposium On Insurance Regulation

The University of Wisconsin will sponsor a symposium on "Insurance and Government" Sept. 19-20 at Madison.

The school of commerce at the University of Wisconsin has been active in insurance education and research during the past decade. The symposium will be the second of the kind in the U. S. conducted on this scale. In 1940, Duke University was sponsor of a similar gathering. The Wisconsin symposium will bring together leaders from industry, state regulation, the federal government and academic institutions. Dean Erwin A. Gaumnitz of the school of commerce is in general charge.

Among those who will present papers are Robert E. Dineen, executive vice-president of Northwestern Mutual Life; Robert Bicks, acting assistant attorney general, anti-trust division U. S. Department of Justice; William A. Berridge, economist Metropolitan Life; Alfred C. Bennett, special counsel New York department; Richard M. Heins, associate professor of commerce University of Wisconsin; James B. Donovan, counsel National Bureau of Casualty Underwriters; F. J. Marryott, vice-president Liberty Mutual; W. Perry Epes, associate counsel North America; Joseph S. Gerber, Illinois director of insurance; Donald P. McHugh, counsel Senate subcommittee on anti-trust and monopoly; Jerome Pollack, consultant UAW-CIO, and E. J. Faulkner, president Woodmen Accident & Life.

### Topics Listed

Among the topics to be taken up in the two days of presentation and discussions of papers will be: The impact of state regulation on the small companies and their financial affairs; the proper role of government in the health insurance field; monopoly conditions in the life business; the role of government in regulating the affairs of insurance.

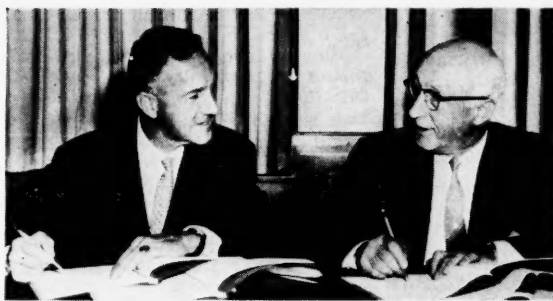
It was explained that the University of Wisconsin symposium is the outgrowth of the current federal investigation into insurance by the Senate subcommittee on anti-trust and monopoly conducted by Sen. O'Mahoney of Wyoming. Many of the problems raised in the subcommittee hearings are yet to be resolved, and the university feels a forum should provide a milestone in the thinking and literature relating to insurance regulation.

Housing facilities are available to accommodate a limited registration from industry and government. The fee for the two-day conference, including some of the meals but excluding housing, is \$50. Reservations should be sent to Dean E. A. Gaumnitz, School of Commerce, University of Wisconsin, Madison 6.

## Jefferson Standard's 6 Month Sales Up 10% To \$122,429,963

Jefferson Standard Life's total sales for the first six months of 1960 were \$122,429,963, a gain of some 10% over the half year in 1959. Gain in insurance in force for the six-month period was \$55,094,956.

The directors, at their regular quarterly session, declared a quarterly dividend of 20 cents on Jefferson Standard's 5 million outstanding shares. The dividend was made payable Aug. 10 to stockholders of record Aug. 1.



Clarence J. Myers, chairman and president of New York Life, right, signs contract for the construction of a 16-story addition to the home office building in the northern part of the same block as the present structure. With Mr. Myers is H. C. Turner, president

of Turner Construction Co., which was awarded the general contract for erecting the building. When completed, the new building will provide New York Life with 604,000 square feet of additional office space and will be constructed of limestone, glass and metal.

## Larus Retires As V-P Of Phoenix Mutual

John R. Larus, vice-president, actuary and a director of Phoenix Mutual



John R. Larus

Life, has retired after 47 years' service. He has been actuary since 1929 and vice-president as well since 1934.

Mr. Larus is past president of Society of Actuaries and served as chairman of Hartford's pension committee and on its first council under the city manager government.

## Mass. Mutual Group Major Medical Plans Have A New Family Monthly Deductible

Massachusetts Mutual has made its group major medical plans available with a "family monthly deductible." The deductible provides that all insured members of a family are eligible for benefits in any month in which the family's combined medical expenses exceed the deductible amount.

Under a conventional major medical plan with a deductible, each member of a family is subject to the individual amount before benefits are available. Under Massachusetts Mutual's family deductible, only one stated amount is deductible from the total covered expenses incurred regardless of how many members of the family are involved.

Although the deductible will be satisfied by the family's total covered expenses, each person covered will be eligible for the maximum benefits as under present plans.

## Standard Security Starts General Agents' Council

Standard Security Life of New York City has established a general agents' council to coordinate functions and activities of the field force and home office. The council will hold periodic conferences and monthly dinner meetings. The idea was introduced to general agents of the company at a business luncheon, which was also the occasion for introduction of new general agents to home office executives.

## Gyory Gen. Phone Buyer

Robert S. Gyory, insurance manager of Sylvania Electric Products, Inc., has joined General Telephone & Electronics Corp. as insurance and pensions director. He has been with Sylvania since 1952 and before that was with Zurich and American Guarantee & Liability.

## A&S Coverage Vital Part Of Insurance Protection

Life agents are failing to do their jobs unless they include A&S protection in programs designed to meet their clients total insurance needs, according to William B. Cornett, A&S director of Prudential, who spoke at the University of Connecticut's annual life insurance school.

The speaker said that a recent study of mortgage delinquencies showed that sickness and accidents cause the loss of five times as many homes as death. The double benefits of A&S protection—payment of hospital and doctor bills and disability income—also protect the client's standard of living, retirement income, and his ability to keep his life insurance program, Mr. Cornett pointed out.

Many life agents are doing an excellent job of installing life programs, he said. "Unfortunately, many do not present the whole concept of total needs."

## Individual Life Sales For New England Life Total \$433 Million In Half Year

New England Life's individual life sales in the first half of 1960 totaled \$433 million, a gain of 1% over the same period in 1959, while individual insurance in force rose 4% to \$6.8 billion. Total income for the period was \$153.6 million, of which \$109.7 million was from premiums and the balance from investments.

Sales of group term amounting to \$31.9 million brought group in force to \$708.9 million, up 3.7%.

## Douglas J. Bailey Heads Guardian's Leaders Club

NEW YORK—Douglas J. Bailey of the Ross agency in Boston has been elected president of Guardian Life's Leaders Club. He served as eastern territorial vice-president for the 1958-60 club period and was chosen president at the recent Guardian centennial convention here. He succeeds Arthur J. Raymann of the Spaulder, Warner & Schnur agency, New York City.



D. J. Bailey

Mr. Bailey has qualified 11 times for the Leaders Club, five times for the President's Club and three times for the Million Dollar Club. He is also a member of the 1960 Million Dollar Round Table.

## Number Of Insurers Writing Guaranteed Renewable A&S Rises

At the end of 1959, at least 53 insurance companies issued individual and family health policies which were guaranteed renewable for life or to later than age 65, according to a Health Insurance Institute analysis. A year before, 33 companies issued such policies.

The analysis showed that in the period of a year there also had been general improvement in policy provisions applying to the maximum age at which these policies would be renewed, the maximum age at which such policies are issued, maximum daily hospital room and board benefits, maximum duration of hospital stay, and maximum surgical benefits.

Of the 33 companies which at the end of 1958 issued guaranteed renewable policies, 31 renewed them for the lifetime of the insured, one company to age 70 and one to age 75. However, at the end of 1959, when 53 companies were listed, 51 issued policies guaranteed renewable for the lifetime of the insured, one to age 70 and one to 75.

### 50% Issue To 65-Plus Group

In terms of the maximum age at which a company will issue a guaranteed renewable policy, half of the companies in 1958 issued policies to persons 65 or older, including nine companies that issued policies to persons 75 or older and one company that had no specified age limit.

At the close of last year, three-fifths of the companies issued guaranteed renewable policies to persons 65 or older, including 27 companies that had a maximum issue age of 75 or older, and 10 companies that placed no specified limit on issue age, said the institute. The other 22 companies had top issue ages ranging from 55 to 64.

### Benefit Schedules Improved

The maximum daily hospital room and board benefit offered by one-third of the companies in 1958 ranged between \$10 and \$19, while the other two-thirds had a maximum of \$20 or more. By 1959, about three-quarters of the companies had a maximum of \$20 or more, and the remainder were under \$20.

As for maximum duration of hospital stay, 20 of the 33 companies in 1958 offered a maximum stay of 120 days or more, whereas in 1959, 36 did so.

A surgical schedule with a maximum benefit of \$400 or more was contained in policies of 51% of the companies in 1958 and 61% in 1959, while a maximum of \$300 could be had from 76% and 81% of the companies in 1958 and 1959, respectively.

## Shenandoah Introduces Its Quadruple Indemnity ADB

Shenandoah Life has introduced an accidental death benefit offering as much as four times the face amount of a policy when death occurs on common carriers. A new plan of insurance for an initial one-, two- or three-year period has also been brought out. Liberalizations of existing benefits have been made by raising benefit limits and double indemnity benefits, and by broadening conversion of term additions to permanent life.



## Mrs. Eberly Retires As ILI Unit Head

(CONTINUED FROM PAGE 1)

ment. Mrs. Eberly has also brought to the life and health insurance business the viewpoints of American women. She has made a great contribution to sound thinking in family financial management."

Mrs. Eberly has had a long and active career in women's activities. She served nine years as a consultant to the New York state department of commerce, being cited for this work by Gov. Dewey. She was reappointed by Gov. Rockefeller.

Mrs. Eberly is serving on the national advisory committee to the White House Conference on Aging and will continue to serve on that committee through the White House Conference next January. She has also been serving as a member of the women's ad-

visory committee to the U.S. savings bonds division of the Treasury, having received a citation for that work from Treasury Secretary Anderson.

### Was With N.Y. Herald Tribune

Before joining the institute to set up its women's division, Mrs. Eberly was assistant director of the New York Herald Tribune club service bureau. She was also director of a special educational project for the office of the coordinator of Inter-American Affairs of the United States Department of Commerce during World War II.

Mrs. Eberly has been widely in demand as a speaker before women's groups, family financial planning conferences, and adult education groups throughout the country and has frequently been on radio and television

programs. She has written many magazine articles.

Miss Martin, who succeeds her, served on the faculty of Santa Monica City College in California, after graduate work in Paris. During World War II, she served in the navy, being assistant director of women's reserve for the third naval district. While in Europe, Miss Martin was engaged in public relations work, including efforts to promote greater understanding of France among the people of English-speaking countries.

### Joined In 1946

Since joining the institute in 1946, Miss Martin has been assistant director of the women's division and has been active in the development of this national program. She has addressed women's groups and finance forums and has appeared on radio and television programs.

Dillon, Atlanta. Plaques for agencies which captured second, third, fourth place, respectively, were awarded to Glen A. Holden, Portland, O.; Bradford D. Haseltine, Cleveland, O.; Mr. Hodes.

## R. E. Irish, Union Mutual Head, Dies

(CONTINUED FROM PAGE 1)

death he was on the coordination activities committee. Other national insurance activities included service as a director of the Life Insurance Medical Research Fund and as a member of the American College's committee for the cooperative fund for agent training.

Mr. Irish was a vice-president and director of the Maine Development Credit Corp. and vice-president of the Maine Health Council. He had also been a director for many years of the former Maine Development Commission. He was a former director of the Tree Council of Boy Scouts and a member of the advisory board of the Maine department of economic development. In 1959 Colby College awarded him an honorary doctor of laws degree and recently Portland University awarded him an honorary doctor of business administration degree.

### Service To State Lauded

In awarding him the doctor of law degree, former President Julius Bixler of Colby praised Mr. Irish "for your successful efforts to see that Maine itself shall take the right path and that its citizens shall keep constantly before their minds their corporate responsibilities to society."

Born in Everett, Mass., Mr. Irish began his insurance career in 1917 as an agent in Minneapolis for the former Reliance Life of Pittsburgh. He became its district supervisor and later supervisor of agencies. After several years in field work with various midwestern life companies, he became director of agencies of Bankers Reserve Life of Omaha. He was vice-president in charge of agency operations of Central Life of Illinois (now Central Standard Life) before joining Union Mutual.

## United Life & Accident Business In Force Up 11%

United Life & Accident had \$40,311,151 in new business during the first half of 1960. Total insurance in force was \$427,267,851 at June 30, up \$43,756,063. Net interest rate is up five basis points to 3.90% since last year.

The company has added two states, Florida and Mississippi, to its field of operations.

## Pa. Hospital Study

Commissioner Smith of Pennsylvania, who is chairman of Gov. Lawrence's hospital study commission, is working with the commission's counsel Edward L. Springer of Pittsburgh, former general counsel of the insurance department, to clear up the legal problems connected with the survey of hospitals and hospital costs that is being launched this fall. Mr. Smith also has retained Paul S. Lunt of Oxford, Pa., a specialist in depth analysis and depth studies, who will interview hospital trustees, doctors, hospital administrators, labor leaders and other representatives of the public interested in voluntary hospitals.

The study commission is composed of 44 persons from the state representing all aspects of public opinion on hospital matters.

## Reviews Asset Value Of Life Insurance

(CONTINUED FROM PAGE 2)

continue to be available up to the guaranteed issue limit.

Francis T. Fenn Jr., Hartford, told the company leaders, "We get so excited about the various gimmicks, the tax laws, inflation, bank loan insurance, and other things that we forget one of the basic services that life insurance performs is a regular organized way of building an estate."

### Sales Idea Panel

A panel on sales ideas was participated in by David J. Bell, Atlanta; William M. Claytor, Roanoke, Va.; Robert F. Fahey, Buffalo; Mr. Fenn; G. William Hubbard, Chicago, and E. Ollie Mereshon, Louisville.

Another panel discussion, "Attracting the Employer Dollar," was moderated by Walter B. Brynn, assistant superintendent of agencies. Panelists included C. Quintin Banwell, Detroit; Salvatore F. Calio, Hartford; Richard N. Craig, Kansas City; Karl H. Schmidt, Cleveland, and two home office officials, David F. Hoxie, associate counsel, and Mr. Kingston.

Harold D. Hodgkinson, a National director and chairman of William Filene's Sons, Boston, was speaker at the dinner. He urged agents to expand their programs of public relations in their communities.

### Home Office Housewarming

On the second day, the 600 people attending the meeting were transported by special train to the new home office for housewarming ceremonies.

Speakers at the third day's session included Eugene M. Thore, vice-president and general counsel of Life Insurance Assn., whose speech appeared in a recent issue; Rev. Norman Rawson of Montreal's St. James United Church, and L. Douglas Meredith, National's executive vice-president, who discussed the past and present records of mutual funds and common stocks.

At the meeting of National's General Agents Assn., which was held in Montreal prior to the President Club's meeting, Philip F. Hodes, New York, was elected president of the association, to succeed H. F. Johnson, Chicago. Joseph R. Blum, Omaha, was elected vice-president and Howard M. Goodwin, Bangor, Me., was named secretary-treasurer. In addition to the new officers, the association's new executive committee includes William J. Cooper, Louisville; William B. Richardson, Roanoke; Harold Smyth, Hartford, and Mr. Johnson.

The president's trophy for the best all-round agency went to Harold T.

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Presently, State Mgr., record of stability, sobriety, unquestionable integrity. My state last three years increased at least 25%, faster than Co. growth. Co. growth probably exceeded 95%, with a profit each year. Experience last 14 years; 7 years instructor, outstanding personal production of auto, life and A&S, built two fast moving life and A&S General Agencies. Just prior as Asst. St. Mgr., same Company, different state. Increased, with 80 established agencies, their new business by about 100%, in less than a year. Last three years, State Manager, same company, different state. Started with 48 agencies, now have 72. New Production increase about 275%; last 6 months much, much higher. I am no 20th Century, smooth, wonder-boy, looking for a game of fancy talk, rather an individualist who can talk profit and production in terms that train producers while they listen and make the company money.

Age 43, married, presently with a direct writer, life, A&S, auto and fire, financed and non-financed men, strong in training and leading producers.

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If you are a securities firm specializing in the marketing of life insurance stock, please contact us. We're a recently licensed life insurance company with a new and appealing concept. Nationally known men are organizers of our company; officers and directors are well above average in life insurance experience. Stock registered with S.E.O. Reply to Box T-14, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### CHIEF UNDERWRITER

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Real opportunity to develop with a growing, aggressive company which has over \$100,000,000.00 in force. Complete line of Life and A&H. Man for this job should be thoroughly grounded in life insurance, not over 35. Box T-9, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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## Bordon Suggests A&S Policy Safeguards

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not to give the names of the other companies involved on the proof papers because they did not want to get in trouble with their patients by giving information to the insurance companies which might cause the claim to be denied and also they felt that it was none of their business how many policies the patient had.

As an example of the extent to which some people will go in collecting a claim or securing a benefit, Mr. Bordon cited the answer received recently to the question, "Describe fully the nature of your disability and the cause thereof." "My condition is static. I am unable to work without pain. While I now have vision in my left eye, it is the nerve or retina trouble in my right eye that continues to disable me. Such right eye vision as I have is distorted and heavily clouded double vision that comes and goes and floats, flaps, jumps, and eclipses. When my vision is concentrated as, for example, is necessary to read or to work or to drive, flicker begins in my right eye, steadily growing in intensity until vision from my right eye is a boiling, dancing, flashing, blinding glitter fog, accompanied by penetrating pain that hurts similar to the pain of an exposed nerve. The perverted vision, quiver, shake, flicker, eclipse and dazzle of my right eye distorts, gets in the way of, confuses, and greatly interferes

with the vision of my left eye which with the accompanying tenseness and pain is disabling; if continued vision concentration is attempted pain spreads to both eyes, also severe headache develops. Likewise sudden movement—jerk, jar, bump—a slight cold—or inclement weather provokes the above described pain. Therefore, my activities are restricted to the extent that I care to endure resultant pain. My condition responds to complete quiet. It is least noticeable on awakening from sleep."

Mr. Bordon said having outlined the situation, what are the companies to do about it? In the early days of hospitalization insurance, most or all policies contained standard provision 17, the pro-rata clause (now referred to as "insurance with other insurers"), but because of complacency and plain laziness or lack of knowledge of the subject, most companies stopped enforcing standard provision 17 and eventually took it out all together.

### Should Use Pro-Rata Clause

Many companies issue hospitalization insurance with no regard whatsoever to the number of other policies and daily room benefits already in effect, he said. But this was a mistake; the pro-rata clause is the only sure way for the industry to protect itself against the speculative buyer. Claim forms should also include questions concerning other insurance on the claimant's statement, the physician's statement, and the hospital statement. Without the benefit of a pro-rata clause in policies, companies are somewhat at the mercy of the speculative buyer, but those in Texas can refuse payment where the loss has already been paid by another company, under the decisions handed down by the courts in two recent cases.

How many automobile collision and comprehensive policies and how many fire insurance policies is the insured permitted to carry, Mr. Bordon asked. Isn't it just as wrong to defraud a hospitalization insurance company by speculative buying as it is to defraud an automobile or fire company? Some of the speculative buyers went into the business quite innocently because of an agent who needed to make another sale and who told them that it didn't make any difference how much hospitalization insurance they had because they could collect full benefits on all of their policies.

### Needs Rigid Rules

The industry therefore needs to adopt and apply more rigid rules and controls in training and supervision of agents as well as in underwriting and claims administration, but on this particular point the greatest need is to admit to each other that a problem does exist, and then take the steps necessary to solve the problem—the first being to put the pro-rata clause back into hospital policies.

There is no doubt that the speculation buyer affects loss ratios but there are other factors to be taken into consideration. If pre-paid hospitalization insurance is to survive, the ravages of efforts on the part of many legislators toward socialized medicine must be stemmed.

Mr. Bordon said underwriting departments must be careful in the selection of risks and must follow sound underwriting practices. Rates must provide a reasonable margin of profit but must also be geared to the public's ability to pay.

Another big contributing factor to high loss ratios are the abuses by doc-

tors and hospitals. The most common being, admitting people to the hospital who are not actually hospital patients for diagnosis or treatment which could be done in the doctor's office, permitting patients to remain in the hospital longer than is necessary, failing to cancel orders or carelessly continuing expensive medication when the need is past, hospitalizing patients for the convenience of the doctor, padding hospital bills, and outright fraud where incorrect diagnoses are given or the diagnosis is changed after a claim has been denied so that payment of the claim can be secured.

Mr. Bordon said that where his company feels in the handling of a claim that additional information is needed, it requests a case history from the hospital and/or a narrative medical report from the doctor. These generally give fairly accurate information but if suspicions are still present, the company requests an investigation by one of the investigation agencies and has them interview neighbors and if anything is being covered up this type handling should bring it to light.

Texas is fortunate to have two committees through which companies can process any complaints that they might have against doctors or hospitals: the

Hospital Insurance Physicians Joint Advisory Committee of Texas, which handles matters involving medical doctors or hospitals; and the Texas Osteopathic Insurance Liaison Committee, which handles matters involving osteopathic physicians or osteopathic hospitals. These two committees have been very successful in resolving disputes and misunderstandings and bringing about a much better relationship and understanding between the hospitals, doctors, and insurance companies, Mr. Bordon stated.

Loss ratios, high or low, are directly connected with the attitudes and actions of the four factions which are involved, namely, the public, the insurance companies, the doctors, and the hospitals, he said. It should be the duty of each of these component groups to, first of all, educate its own people to the need for honesty and fair dealing in this matter of voluntary health insurance and then use whatever means are available to help in educating the other groups, and above all else, to co-operate one with the other so that all can continue to enjoy the privileges and benefits of voluntary health insurance and forever escape the hazards and pitfalls of socialized medicine.

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